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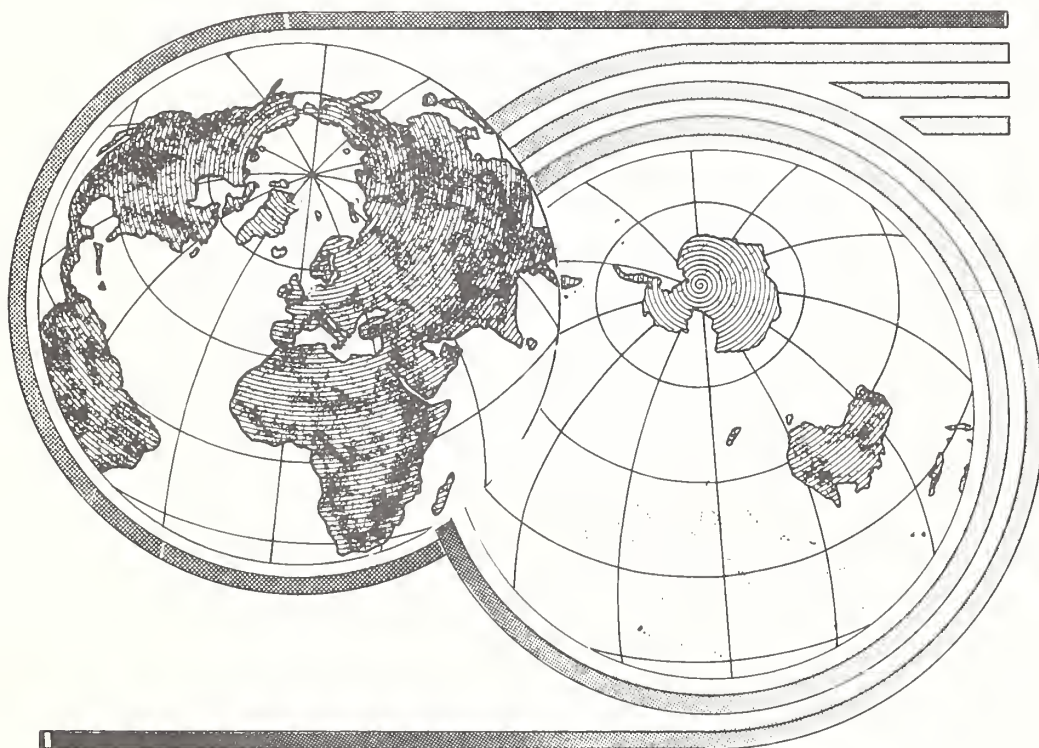
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WORLD AGRICULTURAL Situation

WAS-23

OCTOBER
1980



APPROVED BY THE WORLD FOOD AND AGRICULTURAL OUTLOOK
AND SITUATION BOARD

ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE

UNITED STATES DEPARTMENT OF AGRICULTURE

OUTLOOK '81



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THE WORLD AGRICULTURAL SITUATION

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SUMMARY

A weak world economy in the second half of 1980 and in early 1981, larger world grain production despite reduced United States crop prospects, and higher crop prices highlight the world agricultural situation and outlook.

In all major developed nations except Japan and France, real gross national product is expected to decline in the second half of 1980. For all 23 developed countries together, excluding the United States, economic growth in the second half of 1980 is expected to average only around 0.5 percent. Some improvement is expected for the first half of 1981 since economic growth in the foreign developed countries as a whole is expected to increase 1 to 2 percent. By mid-1981, inflation may slacken slightly from its 12-percent level in the first half of 1980, and the cumulative trade deficit of the developed countries may drop to \$55 to \$60 billion, compared with \$100 billion in the first half of 1980.

In the developing nations, the economic situation for 1980 is also poor, with economic growth rates expected to remain below 5 percent for those that are net petroleum importers. This group's total trade deficit in 1980 is projected to jump to \$42 billion, from \$31 billion last year. Because increases in the volume and price of exports are expected to be only marginal, the deficit is expected to swell further by mid-1981.

Average world oil price increases slowed in mid-1980 as lower consumption led to record world stock levels. Saudi Arabia's policy of continued high production had begun to restore that country's leverage within OPEC, when Iraqi and Iranian exports were interrupted by war. World inventories are likely to be drawn down if the Persian Gulf remains dangerous to tanker traffic, so the current pause in energy price increases is probably temporary. The conflict may also affect Iranian food imports, further tightening the Iranian food situation.

The 1980/81 world grain crop is estimated at 1.43 billion tons (including milled rice), up 3 percent from 1979/80. Production is expected to increase in the USSR, Western Europe, Eastern Europe, Latin America, and India, but decline in the United States and China. World utilization is forecast at 1.45 billion tons, up slightly from last year. Global grain carryout stocks in 1980/81 are forecast to decline to 191 million tons—about 10 million lower than a year earlier. This would be the lowest level since 1976 and represent only 13 percent of utilization. Most of the

reduction in stocks will be in the United States. Foreign stocks may be up about 10 percent in 1980/81.

World wheat production is forecast to increase 7 percent in 1980/81, mainly because of recovery in the European and Soviet crops and a record U.S. crop that was up 10 percent from a year ago. Output in India and China is estimated to be down 10 and 7 percent, respectively, from last year's record harvests. World coarse grain output in 1980/81 is expected to decline for the second straight year. The anticipated 17-percent drop in U.S. production will offset the recovery expected elsewhere. World rice production in 1980/81 is expected to be sharply above last year's weather-reduced crop.

Global grain trade is expected to equal last year's record 198 million tons. Among our major competitors, exportable supplies of coarse grains will be limited until Argentina's harvest next March. The declines in exports from Canada, Australia, and Eastern Europe may be about offset by larger shipments from Argentina, South Africa, and the European Community.

World production of protein meals and total fats and oils is forecast to decline in 1980/81, primarily because of the drought that hurt the U.S. crops. Global meal production is expected to drop 7 percent. However, fats and oils output may decline only 3 percent, and palm oil and other foreign high-yield oilseeds will be up. Because of large carry-in stocks from last year's record crops, world utilization of both meals and oils is likely to increase during 1980/81, although much less than in earlier years.

U.S. agricultural exports are expected to total between \$40 and \$45 billion in fiscal 1981, up from an estimated \$40 billion a year earlier. The export volume will probably be only slightly larger than the 162 million tons forecast in fiscal 1980. The agricultural trade surplus may reach a record \$25 billion, compared with \$22.5 billion estimated in fiscal 1980.

Increased global pork and poultry production in 1980 will more than offset the expected 1-1/2 percent decline in beef output. The rapid increases in pork production over the past several years, combined with weak economic growth, have resulted in an oversupply of pork in many areas. Some producers are reducing breeding herds, and pork production

will fall below year-earlier levels by late 1980 or early 1981. The same oversupply and poor economic conditions that are hurting the world pork economy are also affecting poultry. But the poultry industry has been helped by strong growth in poultry product demand in the Mideast and Soviet Union. Beef and veal production in many major producing regions of the world will be down in 1980. However, cattle inventories in the major producing areas are expanding and will allow increased beef and veal production in 1981.

World sugar production in 1980/81 is expected to total between 87 and 92 million metric tons (raw value), up from an estimated 85.4 million last year. Output increases are expected in India, Brazil, the Philippines, Australia, Fiji, and Argentina, but recovery will be limited in the USSR and Cuba. Global sugar consumption in 1980/81 is forecast at 92 million metric tons, up about 1 percent. Use will be limited, however, by high world sugar prices. World stocks in 1980/81 are expected to be drawn down 2-3 million tons.

World coffee production in 1980/81 is forecast at 80.1 million bags (60 Kg), down modestly from last year. Production prospects are improved for Colombia, the Philippines, Indonesia, Mexico, and the Dominican Republic, with declines estimated for Brazil, Kenya, and El Salvador.

World cocoa output in 1980/81 may again be large, although unfavorable growing conditions may hurt the crops in several major producing nations. Cocoa bean grindings will fall below production for the third straight year in 1980, further enlarging world stocks.

World cotton production in 1980/81 is forecast at 63.4 million bales, down more than 3 percent from last season's record harvest. United States output is estimated at 11.7 million bales, down 20 percent from last year. Foreign production, however, is forecast up over 1-1/2 percent. World cotton consumption in 1980/81 may total slightly below last year's 65.1 million bales, as a sluggish world textile market and high cotton prices limit use. U.S. cotton exports in 1980/81 are projected at 6.3 million bales, down sharply from last year because of severely limited export supplies and less competitive U.S. cotton export prices.

WORLD ECONOMIC CONDITIONS

Poor Economic Situation in Developed Nations

Despite favorable economic indicators in many of the major developed countries in the first half of 1980, it appears that many developed countries have now entered a recession. Real economic growth rates

in all the major developed countries except for Japan and France are expected to be negative in the second half of 1980. If the United States is excluded, economic growth of the other six major countries as a group is expected to fall from 3 percent in the first half of 1980 to zero in the second half of the year.

Real Economic Growth Rate

Area	1978	1979	1980	1980 Jan- June	1980 July- Dec.	1981 Jan- June
OECD	3.9	3.4	1.3	1.5	-1.0	1.0
OECD less U.S. .	3.6	3.9	2.3	2.8	0.5	1.5
Blg 6:	4.1	4.3	2.3	3.0	.0	1.5
Italy	2.6	5.0	3.5	5.5	-2.8	-1.5
Japan	6.0	5.9	4.5	5.0	3.8	3.8
Canada	3.4	2.9	0.3	0	-1.0	2.0
Germany	3.5	4.4	2.5	3.0	-1.3	1.0
U.K.	3.5	1.7	-2.5	-2.0	-4.5	-1.0
France	3.3	3.4	2.0	1.8	0.8	0.5
Developing Countries:						
OPEC	-0.1	0.1	-3.9	n.a.	n.a.	n.a.
Non-OPEC	5.2	4.9	5.3	n.a.	n.a.	n.a.
Non-oll.	5.0	4.3	4.7	n.a.	n.a.	n.a.

Source: OECD, official government forecasts and private forecasts.

For all 23 developed countries, excluding the United States, economic growth in the second half of 1980 is expected to be only about 0.5 percent. For the first half of 1981 some improvement is projected, with both the major countries and all the members of the Organization for Economic Cooperation and Development (OECD) as a group, excluding the United States, likely to grow by 1.5 percent.

In most of the major developed countries, domestic demand both for consumption goods and for investment is depressed. OECD analysis shows that two-thirds of the growth of GNP of the developed countries in the first half of 1980 was due to changes in exports. Growth in total domestic demand in the OECD member countries from mid-1980 to mid-1981 may be 2.5 percentage points below what it would have been without the 130-percent oil price rise since the end of 1978. Investment demand is expected to be weak in all the major developed countries and stockbuilding should decline. Private consumption expenditures are also expected to be weak throughout the rest of 1980, as employment is falling and real disposable income is expected to grow less than 1 percent.

The outlook for inflation, employment, and trade is also grim for the rest of 1980 and early 1981. Employment is expected to fall in all the major developed countries, except for Japan and Canada. Fear of fueling already high inflation rates has caused tight monetary and fiscal policies. Restrained government spending, coupled with tax receipts boosted by inflation, is having a deflationary effect. If there are no further large oil price increases and if wage hikes are moderate, inflation may fall back to a 9.5-percent annual rate by mid-1981 from 12 percent in the first half of 1980. The trade deficit of OECD members is expected to have peaked at a cumulative total of \$100 billion in the first half of 1980. The annual deficit is projected to narrow to \$55-\$60 billion by mid-1981.

Rates of Increase in Consumer Price Indices

Area	1978	1979	1980	1980 Jan- June	1980 July- Dec.	1981 Jan- June
OECD	7.2	8.5	11.3	12.0	11.0	9.5
OECD less U.S. .	7.5	8.3	11.5	12.3	11.0	10.0
Blg 6:	6.2	7.3	10.8	11.3	10.0	8.5
Japan	4.2	3.1	7.5	8.0	8.5	6.3
Canada	7.3	9.0	9.5	9.0	10.0	10.0
Germany	2.6	4.2	5.0	5.3	4.0	3.5
U.K.	8.7	12.0	18.8	18.5	18.0	14.3
France	9.3	10.7	13.3	14.3	12.0	11.0
Italy	12.1	14.8	20.5	24.5	16.3	15.5

Source: OECD data and projections.

The slowdown in Japan's economy began to show up in March and April data, with declines in industrial production, car registrations, and shipments. Pessimistic outlooks for the economy are based on tight money policies, poor export prospects, and earlier sharp rises in official discount rates. Japan's oil import bill may rise by \$23 billion in 1980, and despite favorable export earnings early in the year, Japan's export earnings for the rest of the year will be adversely affected by sluggish world growth and the recent appreciation of the yen. However, Japan's trade situation has benefited from a diversification of markets, with emphasis on exports to Asia and the Middle East.

Overall, the Japanese economy will probably show the strongest performance among the major developed countries. Though growth in 1980 is still expected to be lower than in 1979, forecasters have recently raised their 1980 estimate to 4.5 percent. The rise in the value of the yen since May has reduced import prices and will help stabilize domestic prices. The consumer price index is expected to rise by 9 percent in fiscal year 1980.

Despite brisk investment and export levels through May, the German economy is expected to grow by only 2.5 to 3 percent this year because of weakening in the second half of 1980. Higher oil prices drained the equivalent of 1 percent of the German GNP from domestic purchasing power. Both personal consumption and business spending are expected to slow for the rest of 1980. The current high inventory-to-sales ratio is a near record. However, economic growth may accelerate in 1981 as scheduled income tax cuts take effect next January. Despite the competitive prices of German goods, export volume growth will slow in the last half of 1980 and in 1981. Though import volume growth is also expected to slacken, import prices may jump by 18 percent. Thus, the overall trade surplus will probably be trimmed sharply, and the Germans may accumulate a current account deficit up to \$16 billion in 1980.

Despite moderate economic growth in the first quarter, the French economy is expected to stagnate

in the third quarter and decline in the fourth quarter, for an overall 1980 growth rate of 2 percent. This is a drop from the 3.4-percent growth recorded in 1979. For 1981, economic growth may be below 2 percent. At the end of June, indicators of industrial production and consumer goods purchases, plus mounting inventories, showed the onset of the economic slowdown in France. Inflation is now over 13 percent a year. High price rises and the French franc's weak position at the top of the European Monetary System have caused a deterioration in the French trade balance. Import volume is expected to rise more than export volume, and France may experience a \$17 billion trade deficit for the year.

Italy's economy showed a strong performance in the first half of 1980 causing projections for the whole of 1980 to be revised upward. However, income growth is expected to plunge in the second half of the year as real export growth and industrial production fall. Inflation is expected to be about 20 percent and employment will probably decline. For 1979, Italy had the strongest current account position among the developed countries—a \$5.2 billion surplus. However, for 1980 the external sector is expected to deteriorate rapidly.

Canadian economic growth was negative for the first half of 1980 as indicated by curtailed housing starts, downward inventory adjustment, and declining merchandise exports. The stimulus to economic growth in 1979 came from private capital investment and inventory accumulation. The economic decline in Canada is linked to the recession in the United States but is expected to be less severe. Inflation and unemployment rates may be about 10 percent in 1980 and 1981. Canada is expected to have a trade surplus of \$3.2 billion in 1980, but the figure, although substantial, will be about 7 percent lower than in 1979. Canada's monetary policy was fairly restrictive earlier this year, but interest rates are linked to those in the United States and have fallen from earlier peaks. Canadian domestic oil and gas prices are still considerably below the world level, exacerbating the government's deficit.

The United Kingdom faces the worst prognosis among the major developed countries. The government projects a decline of 2.5 percent in real economic growth in 1980, and some private analysts foresee an even deeper recession. Inflation rate peaked at 22 percent and unemployment may rise to 8 percent next year. Non-oil industrial output—especially automobiles, engineering goods, and steel—is expected to decline into mid-1981. By the end of 1981 the level of real GDP may only be back to the 1978 level. Despite its oil exports, the United Kingdom has a dismal trade situation because the continued appreciation of the pound has caused British manufactured goods to lose price competitiveness. In addition, exports were reduced by

strikes earlier this year. The major interest rate has been lowered from 17 to 16 percent and that plus any lessening of the Government's tough monetarist stance could lead to a weakening of the pound.

Lower Economic Growth in the Developing Countries

Economic growth in 1979 was lower than previously anticipated in the developing countries because of higher oil import prices, some depressed commodity export prices, political instability, and financial problems. For one-fifth of the countries, 1979 economic growth estimates were recently revised downward by more than one percentage point. The group of countries which had the best average growth rates in the last two years are the non-OPEC oil exporters: Mexico, Egypt, Syria, and Malaysia. As a group they recorded economic growth rates of 5.8 percent in 1978 and 7.1 percent in 1979. The non-OPEC developing countries, excluding oil exporters, recorded economic growth rates of 5.0 and 4.3 percent in 1978 and 1979. Because of the Iranian revolution and general constraints on oil production and spending, real economic growth in the OPEC countries as a group has been zero in the last 2 years.

For non-oil exporting developing countries, the outlook for 1980 is still bleak, with economic growth rates expected to remain below 5 percent.

For over one-quarter of the countries, real economic growth rates are expected to fall one percentage point or more below last year. Some of the countries with projected economic growth rates for 1980 sharply below those of 1979 are: Argentina, Guatemala, Honduras, Uruguay, South Korea, Malaysia, Nepal, and the Congo.

There are 29 non-OPEC developing countries which are expected to have growth rates below 3 percent. Of these countries, 8 are in Latin America, 1 is in Asia, and 20 are in Africa. Since annual population growth rates average 2-3 percent in these nations, such low economic growth rates preclude any measurable increase in real per capita incomes.

Eleven countries are expected to have zero or negative overall economic growth in 1980: El Salvador, Jamaica, Afghanistan, Angola, Ghana, Senegal, Somalia, Sudan, Uganda, Zaire, and Zambia. Among the reasons for poor economic growth are drought in East Africa, and political instability and economic management problems affecting several Central American and Caribbean countries. Jamaica's inability to agree with the International Monetary Fund on an economic program; Bolivia's recent coup and a strike by tin miners; Liberia's coup plus wage hikes which have led to a liquidity crisis; and violence in El Salvador and Nicaragua—all have adversely affected not only domestic production and trade but also foreign aid and investment flows.

In addition, weak demand in the developed countries has cut markets for goods from many of the dynamic East Asian countries. All of the major export-oriented countries in that area—South Korea, Singapore, Taiwan, and Hong Kong—are expected to have 1980 growth rates sharply down from 1979. South Korean economic growth may be only 3 percent, compared to 7.1 percent in 1979 and 10 to 12 percent in 1977 and 1978.

A combination of export problems and higher bills for oil and other imports has caused unmanageable financial problems in many developing countries. Within the last year, nations such as Sierra Leone, Sudan, Nicaragua, Turkey, Guinea, Mauritania, and Somalia have either rescheduled their debts, planed to reschedule, have gone into payments arrears, or had debts cancelled by official creditors. Brazil is under growing financial pressure because estimated payments for contracted debt servicing and oil imports may exceed the value of total exports this year.

Only a handful of non-oil-exporting developing countries are expected to have higher growth rates in 1980; among them are Cameroon, Central African Republic, Chad, and Mauritania. However, these countries continue to have serious external financial problems (trade and balance of payments deficits and mounting debts) and they are still vulnerable to price swings in a few export commodities. Nicaragua and India are both expected to see major increases in economic growth rates in 1980, a turnaround from negative economic growth last year (and in 1978 for Nicaragua).

For the non-oil-exporting developing countries as a group, the 1980 trade deficit is projected to jump to \$42 billion from \$31 billion in 1979. But further deterioration is likely by mid-1981, since export volume and prices are expected to increase only marginally. The 1980 current account deficit is projected at \$49 billion, up \$14 billion from last year. This is due to the rise in the outflow of service payments and private transfers with only a small rise in inflows of official grants. Net capital inflows for 1980 are projected to equal \$50 billion, \$10 billion in official aid (loans) and the remainder from export credits, commercial loans, and direct investment.

The oil exporters among the non-OPEC developing countries are all expected to do well in 1980, though

Current Account Balance

Area	1978	1979	1980	1980 ¹	1980 ²	1981 ¹
	(\$ billions)					
OECD	10.3	-37.4	-81.0	-95.8	-66.3	-45.8
OECD less						
U.S.	23.5	-37.1	-78.5	-88.0	-69.3	-53.0
Big 6:	32.5	-17.3	-47.6	-55.1	-40.0	-28.3
Japan	16.5	-8.8	-17.3	-20.3	-14.5	-9.5
Canada . . .	-4.6	-4.3	-5.0	-3.5	-6.5	-6.8
Germany . .	8.7	-5.7	-16.0	-17.5	-14.5	-13.3
U.K.	1.8	-5.2	-2.5	-4.0	-1.0	-2.5
France . . .	3.7	1.5	-4.0	-5.0	-3.0	-1.0
Italy	6.4	5.2	-2.8	-4.8	-0.5	4.8
OPEC	4.5	67.0	114.0	n.a.	n.a.	n.a.
Non-oil Dev. Countries . . .	-25.3	-35.0	-49.0	n.a.	n.a.	-57.0

Source: OECD data and projections.

Include trade balance, Services and Private Transfers.

1 Jan-June. 2 July-Dec.

Malaysia's growth may slow to 6.5 percent. Mexico leads the group with an expected 8.5-percent growth rate in 1980 as oil continues to rise as a share of total export earnings. Peru's economy has turned around as both oil exports and mineral exports jumped sharply, allowing the country to pay some debts it had previously rescheduled.

The OPEC countries will experience a wide range of economic growth and trade positions in 1980. Estimates of economic growth among the 13 members range from 10 percent growth for Nigeria to a very sharp decline for Iran. Most of the countries will experience relatively low rates of economic growth, because of restraints in oil production and in government spending. Libya's economy is expected to continue to stagnate, Kuwait's to actually decline, and Venezuela's to grow by only 4 percent. In all three countries, government development projects have been scaled down. For most of the other OPEC countries economic growth will continue at the same pace as in recent years or will decline. The combined trade surplus of the OPEC countries is projected to jump to \$168 billion in 1980, higher than the 1978 and 1977 surpluses together. After deduction of outflows for services, the current account balance will be \$114 billion, almost double last year's level. (*Eileen M. Manfredi*, 202-447-8712)

INTERNATIONAL VALUE OF THE DOLLAR

U.S. Dollar Exchange Rate Movements Slow

Foreign exchange trading has traced a typically somnambulant path over the summer. The relative quiescence of the June to August period is especially

noteworthy, given the wide swings in the dollar's value over the previous 9 months.

A well-justified wait-and-see attitude on the part of foreign exchange traders is the primary reason for the recent lack of volatile swings in the exchange

Foreign Currency units per U.S. dollar

Period	German	Japanese	British	Dutch	Canadian
1977 . . .	2.322	268.5	.5729	2.454	1.064
1978:					
I.	2.076	237.6	.5189	2.224	1.113
II.	2.077	220.8	.5451	2.223	1.127
III.	2.007	192.8	.5177	2.173	1.144
IV.	1.875	190.6	.5039	2.033	1.178
1978 . . .	2.009	210.5	.5214	2.164	1.141
1979:					
I.	1.854	201.5	.4961	2.003	1.187
II.	1.895	217.6	.4807	2.064	1.158
III.	1.816	218.9	.4481	1.997	1.166
IV.	1.766	238.6	.4632	1.960	1.175
1979 . . .	1.833	219.2	.4713	2.006	1.171
1980:					
Jan. . . .	1.724	237.7	.4412	1.902	1.163
Feb. . . .	1.748	244.2	.4369	1.926	1.157
March . .	1.852	248.3	.4532	2.030	1.174
April . .	1.875	250.0	.4523	2.055	1.186
May. . . .	1.790	228.2	.4339	1.971	1.173
June . . .	1.767	217.8	.4279	1.938	1.151
July. . . .	1.748	221.1	.4213	1.910	1.152
Aug. . . .	1.788	223.8	.4215	1.947	1.159
Sept. . .	1.780	215.9	.4149	1.935	1.161

value of the dollar. Absence of major news events or changes in economic policy has sent speculators to the sidelines. As a result, activity has been light to very light, with movements caused by interest rate differentials and rumors of interest rate changes.

For the summer as a whole, there was little fluctuation in interest rate differentials between the dollar and the five currencies most important in U.S. agricultural trade. As a result, the dollar has risen slightly over those currencies having a less favorable rate of return: the German mark, the Dutch guilder, and the Japanese yen. The dollar has fallen vis-a-vis

the British pound, as interest on sterling has remained firm at historically high levels. U.S. currency has also risen slightly against the Canadian dollar, despite generally higher Canadian interest rates. The U.S.-Canadian trade balance is presently beginning to favor the United States. (*David Stallings*, 202-447-8457)

Index of trade weighted dollar exchange rate for major commodities (April 1971 = 100)

Period	Total agric exports	Soybeans	Wheat	Cotton	Corn
1972 . . .	93.96	90.79	98.49	101.41	92.49
1973 . . .	87.80	82.36	94.58	97.82	85.56
1974 . . .	89.51	83.55	97.96	100.22	87.81
1975 . . .	90.87	82.58	103.05	108.41	89.11
1976 . . .	97.10	88.41	112.30	111.43	97.56
1977 . . .	99.82	88.52	120.56	110.31	100.67
1978:					
I.	97.48	83.96	124.57	107.31	97.34
II.	97.29	83.19	125.41	106.74	97.60
III.	95.37	79.42	128.07	103.96	94.75
IV.	95.12	77.11	131.90	105.89	93.54
Year. . .	96.32	80.92	127.49	105.98	95.81
1979:					
I.	97.80	77.55	138.47	109.25	96.05
II.	99.89	78.98	145.30	110.56	98.59
III.	99.74	77.53	150.59	110.14	98.01
IV.	103.20	78.90	165.18	111.80	101.60
Year. . .	100.16	78.16	149.89	110.52	98.57
1980:					
Jan.* . .	105.70	77.70	183.14	115.61	103.80
Feb.* . .	106.90	78.60	185.40	119.14	105.30
March* .	109.73	81.30	190.70	120.20	108.30
April* .	110.98	82.22	194.37	120.60	109.70
May* . .	109.30	79.10	197.00	119.50	107.30
June* . .	108.70	77.80	199.70	118.90	106.60
July* . .	108.85	77.68	201.34	118.14	106.84
Aug.* . .	110.30	78.80	205.40	119.20	108.40

*Exchange rate figures were taken from the *Wall street Journal*, and yield indices that are somewhat lower than the indices for other months, which were derived from data in the *International Financial Statistics* of the IMF.

WORLD ENERGY SITUATION

A Short Pause in Petroleum Price Increases

Average world crude oil prices, which soared from \$13.77 per barrel in January 1979 to \$28.55 by the end of the year, continued to increase in the first half of 1980. By July the price was slightly over \$32 a barrel. Despite a drop in world production and declining demand in the developed countries, an inventory build-up estimated between 2.5 and 3.0 million barrels a day (b/d) appeared on the world market. Statistics for OECD countries indicate that they have the highest inventories since 1976. This situation temporarily stopped price leaps and even caused marginal declines through selectively offered discounts and reductions in surcharges.

In response to the increase in prices, world petroleum production reached its highest volume ever in the third quarter of 1979—63.3 million b/d. However, during the first 6 months of this year, production fell for the first time since 1975, averaging 61.4 million b/d, compared to 61.8 million b/d last year. OPEC production ceilings have been lowered nearly two million b/d, from 30.4 million b/d in the first half of 1979 to 28.5 million in the first half of this year. Output has declined most in Iran, from 1.8 million b/d in the first half of 1979 to 1.5 million b/d this year. Outside OPEC, Canadian production also is down, averaging 1.5 million b/d, 0.7 percent below January-June of last year.

These cuts have been counterbalanced by produc-

tion increases elsewhere. The biggest increase occurred in the Soviet Union, where production reached 11.9 million b/d in the first 6 months this year, nearly 3 percent above last year. China increased production 3.8 percent over the first half of last year, to 2.2 million b/d.

Elsewhere, Western Europe increased production to 2.5 million b/d, 13 percent above January-June 1979, and Mexico has increased its output nearly 31 percent over the same period to 1.8 million b/d. By September, production increased to 2.3 million b/d. Finally, U.S. production, 20 percent of which comes from Alaska's North Slope, has increased 1 percent in the first half of this year, averaging 8.5 million b/d.

The net effect of these movements has been a rapid build-up in petroleum inventories and a decline in OPEC's share of world petroleum production from 49.2 percent in 1979 to 46.4 percent in 1980. Total energy consumption in the United States has dropped by 3 percent, petroleum use by 8 percent, and petroleum imports by over 20 percent.

With the international petroleum market weakening, spot market prices have recently declined. For example, the FOB Rotterdam price for premium gasoline dropped from \$45.93 per barrel in the last quarter of 1979 to \$43 in July this year. According to the *Oil and Gas Journal*, early this year Iran could not find buyers for its petroleum after a \$2.50 surcharge was added to the already high price of \$35 per barrel. Other countries encountering market resistance to high prices were Nigeria, Indonesia, and the United Kingdom.

In this situation Saudi Arabia may be regaining the price leverage it lost over a year ago. The quarterly meeting of OPEC ministers convened in Vienna on September 15-17 to discuss a long-term pricing strategy, assistance to LDC's and relations with industrialized countries. Often acrimonious debates pitted Saudi Arabia and 10 other price moderates against Iran, Libya and Algeria, who insisted on immediate production cuts. Iran in particular called

again for the use of petroleum as a political weapon.

In the end a compromise agreement was reached. Saudi Arabia agreed to raise the price of its crude from \$28 to \$30 a barrel, provided that other OPEC countries would compress their various surcharges to \$2 a barrel from the present maximum of \$5. Thus, \$30 per barrel is the new OPEC floor price, but other countries may continue to charge \$32 to \$37 a barrel until the next regular OPEC price meeting. Saudi Arabia intends to maintain production at 9.5 million b/d through the end of the year, 1 million barrels above the country's official ceiling, but some other countries announced their intention to cut production by 10 percent starting in October. To date six countries announced production cut amounting to 650,000 b/d.

Current events may have changed the situation again. As this issue goes into print border skirmishes between Iran and Iraq exploded into a full-scale war on September 22 and some petroleum installations in the vicinity of Shatt al Arab, belonging to both countries, sustained damage. The war will temporarily at least reduce petroleum exports of both countries, which currently amount to 3.3 million b/d from Iraq and about 700,000 b/d from Iran. At worst it may also affect petroleum exports moving through the Straits of Hormuz from Saudi Arabia, the United Arab Emirates, Qatar and Kuwait—some 9 million b/d. But the cut in Iraqi and Iranian exports alone would soon eliminate current surpluses on the world market and increase petroleum prices.

Thus, the pause in petroleum price increases is ending and, at best, the new era of price increases may only be more orderly than last year's. As to longer term price, Fadhil al-Chalabi, OPEC Deputy Secretary, stated at a recent conference in London that the price of petroleum should gradually increase to around \$60 per barrel, to come closer to the current price of synthetic fuels. While such a proposal is not likely to be viewed seriously at present, it may be indicative of future price negotiations. (Francis Urban, 202-447-8106)

WORLD FERTILIZER SITUATION

World Fertilizer Forecast to 1984/85

World supplies of nitrogen and phosphate fertilizers should be adequate to meet expected demand through 1984/85. Potash supplies are expected to be tighter during the next three years. Recent forecasts by the FAO/UNIDO/World Bank Fertilizer Working Group indicate that the current surplus in ammonia supply capability is expected to peak in 1981/82 at just over 4 million tons of nutrient (N), declining steadily thereafter to about 330,000 tons in 1984/85.

The greatest growth in ammonia supply capability during the period is expected in the Soviet Union and Eastern Europe. Surplus supply capability for phosphates is forecast to average about 1 million metric tons annually throughout the period. Most of the capacity expansions are slated for the Soviet Union, North Africa, and the Middle East. For potash, supply capability deficits of 600,000-700,000 metric tons are forecast through 1981/82. Supply and demand may be about balanced in 1982/83, and a more comfortable supply situation should result in

World Fertilizer Consumption Forecast

Nutrient	1979/80	1980/81	1981/82
<i>Million metric tons nutrients</i>			
Nitrogen (N)	53.8	56.6	59.5
Phosphate (P ₂ O ₅)	31.4	33.3	36.1
Potash (K ₂ O) ²	25.5	26.7	28.0
Total	110.7	116.6	123.6

Source: FAO/UNIDO/World Bank Fertilizer Working Group

1983/84 when major Canadian expansions come on stream. This supply forecast is more pessimistic than those of previous years, primarily because of poor Soviet potash production and export performance in 1979.

Significant shortages of potash are not likely because the forecast deficits are quite small, representing only 2 to 3 percent of consumption. Stock reductions and minor production improvements in the developed countries are likely to satisfy the vast majority of expected demand. Potash producers have historically been moderate in their production and pricing policies. Thus, sharply higher potash prices are unlikely.

1980 World Prices Flatter, but 1981 Prices Expected To Rise

World fertilizer prices in 1980 have been more stable than in 1979 when prices of all nutrients soared. Prices of most fertilizers peaked in early 1980 and remained steady or fell through the spring and summer. Stronger demand for nitrogen products delayed the softening of ammonia prices until summer. Urea prices remain strong. Phosphate prices rose most rapidly during 1979, with January 1980 prices of Florida diammonium phosphate (DAP) 75 percent higher than a year earlier. Such high phosphate prices were not sustainable, however, and Florida DAP prices fell 16 percent by early September. Canadian potash prices have held steady during 1980, even though spring quarter sales in North America were about one-fourth lower than a year earlier. Sustained export demand stabilized prices.

Fertilizer prices should rise again in 1981 if higher U.S. crop prices strengthen demand. For example, stronger corn prices following the summer drought in the United States should encourage increased

International Spot Prices for Principal Fertilizers and Raw Materials 1978-79

Product/Origin	(Dollars per metric ton f.o.b.) ¹			
	Jan. 1, 1979	Jan. 7, 1980	June 30, 1980	Sept. 8, 1980
Anhydrous ammonia				
W. Europe	111-120	150-155	180-185	170-175
U.S. Gulf.	90	138-142	150-155	132-134
Urea				
W. Europe	125-127	185-190	206	220-225
U.S. Gulf.	127-130	155-160	177-180	190
Muriate of Potash (Standard grade)				
W. Europe	62-63	89-90	120-125	120-125
Canada	65	98-115	98-115	98-115
Phosphoric acid (100% P ₂ O ₅)				
Tampa	230	370-375	385-390	385-390
Morocco	230	380-400	380-400	380-400
Diammonium phosphate (DAP)				
Tampa	142-144	255-265	211-214	208-212
Tunisia	--	275-280	260-270	260-270
Concentrated superphosphate (TSP)				
Tampa	98-99	191-195	170-173	163-167
Tunisia	130-135	195-205	195-205	225-230
Sulfur (Solid)				
W. Europe	68	115	115	115
Canada	50-52	120-125	125-130	125-130

¹ F.O.B. prices except W. Europe ammonia in 1980, CIF. Prices for bulk shipments except urea, W. Europe 1980 and TSP Tunisia, Sept. 1980 in bags.

Source: Green Markets.

planting in that fertilizer-intensive crop. Increased spring fertilizer application rates could also be expected if crop prices remain attractive to farmers next year.

Given strong demand, nitrogen prices are likely to increase with energy costs because nitrogen is derived from natural gas, petroleum products, and coal. Surplus supply capability, however, should prevent a dramatic surge in nitrogen prices. Phosphate and potash demand should recover from the spring 1980 dip; however, demand for these nutrients is apparently more price sensitive than for nitrogen so their prices are expected to increase more slowly. (Richard Rortvedt, *National Economics Division*, 202-447-7340)

AGRICULTURAL COMMODITY PRICES

Prices for Some Commodities Rise Sharply

Recently, U.S. and world commodity prices have risen sharply as heat and drought have lowered U.S. crop prospects, especially for corn and soybeans.

Wheat prices at U.S. gulf ports averaged \$4.76 per bushel in August 1980, over 1.1 percent above last August's level. The Osaka cotton price at 84.08 cents a pound, was 15 percent above a year ago. The Bangkok rice price has recently been steady at \$442 a

ton. The New York spot price for coffee in August 1980 was \$1.50 a pound, compared with \$1.96 a pound a year ago. The moderation in coffee prices reflects continuing mild winter weather in Brazil's coffee growing areas. The price of cocoa at New York averaged 99 cents per pound in August 1980 compared with \$1.36 a year ago. The downward trend is due to producing countries' plans to sharply boost 1980/81 output and to expectations that world cocoa stocks will increase for the fourth straight season.

During the second quarter of 1980, prices received by U.S. farmers averaged 7 percent lower than a year ago. This decline was mostly due to lower livestock and livestock—products prices, reflecting a record level of meat production. Compared to the second record quarter of 1979, the index of prices received by farmers for livestock and products fell by 16 percent, while wheat prices increased 11 percent and corn prices 2 percent. On the other hand, soybean prices declined 19 percent.

However, in August 1980, the farm price for corn was \$2.93 per bushel, as compared to \$2.73 in July, and soybeans were \$6.99 per bushel, up from \$6.75 in July. After adjustment for inflation (division by the Consumer Price Index), wheat and corn prices were about the same as in late 1978 and early 1979, while real soybean prices were closer to the level of the early 1970's.

The retail prices of all items in the U.S. increased 14 percent from second-quarter 1979 to 1980. Food prices during the same period increased 7 percent, with food at home increasing 6 percent and food away from home 10 percent. The retail price of

cereals and bakery products increased 13 percent and that of sugar 19 percent.

The Consumer Price Index rose 0.6 percent in August 1980, to 249.4 (1967=100). This was 12.8 percent higher than a year earlier. Prices for grocery store foods rose 2.3 percent in August 1980, after increasing only 1.2 percent during July. Food and beverage prices rose 1.7 percent in August. Prices for beef, pork, and poultry rose sharply for the second consecutive month. Fruits and vegetables and dairy products also registered substantial price increases in August. Sugar prices continued the sharp upward move which started in January.

Among U.S. import commodities, the international beef price rose from 110.5 cents per pound in May to 132.51 cents per pound in August 1980. The international sugar price, London, averaged 32.3 cents a pound in August 1980, compared to 8.8 cents a year earlier. The upward trend continues because of reports of cold, wet weather in Europe, which may reduce the sugar content of beets. Moreover, Russian sugar beet production may fall below the previously expected level.

United States export and import unit values for most commodities follow international and U.S. farm prices, with some time lag affecting most unit values. The export unit values for corn, grain sorghum, rice, wheat, and flour, and cotton were up in June 1980, from June 1979. The export value for cattle hides was down. On the import side, unit values were up for bananas, green coffee, Swiss cheese, cashews, and sugar, and down for roasted coffee, tea, cattle, beef, veal, and ham. (*Jitendar Mann*, 202-447-9160)

U.S. AGRICULTURAL TRADE

Trade Surplus to Widen in Fiscal 1981

U.S. agricultural exports in fiscal 1980 are now expected to reach \$40 billion, \$8 billion above last year's record and \$2 billion above the previous estimate (May 1980). Export volume will top 162 million metric tons, 18 percent above last year. Agricultural imports in the last 3 to 4 months have stabilized at a rate lower than previously expected and are now projected at \$17.5 billion. The resulting agricultural trade surplus for fiscal 1980 should lie between \$22-\$23 billion.

The outlook for fiscal 1981 shows agricultural exports projected to range from \$40 to \$45 billion. Export prices will generate the bulk of this increase with volume expected to rise only marginally. Agricultural imports, fueled by soaring sugar prices and modest quantity increases, are expected to range from \$17 to \$19 billion in fiscal 1981. Therefore, the

projected agricultural trade surplus for fiscal 1981 will probably be \$25 billion or more.

Exports in the first 11 months of fiscal 1980 (Oct.-August) totaled \$37.2 billion, already eclipsing last year's record total and 27 percent above the figure of a year ago. Volume growth has accounted for most of the increase (20 percent) in the total value of U.S. farm exports. This has been particularly evident in grains; 16 million tons or 19 percent more grains and products have been shipped out this year than last. In addition, the major grains (corn, sorghum, rice, and wheat) have shown significantly higher prices per ton in fiscal 1980. A 35-percent increase in the total value of grain and products exports in fiscal 1980 is expected to be followed by a 17-percent increase in fiscal 1981. Unlike 1980, however, next year's increase is expected to be predominantly price oriented.

Strong foreign demand for U.S. cotton has resulted in it becoming the U.S. export commodity with the largest percentage increase both in value and volume in fiscal 1980. The Asian nations of China, Japan, Korea, Taiwan, and Hong Kong—our five largest markets—have increased their demand through August nearly 75 percent above last year's figure. Cotton prices have been rising dramatically at the end of this fiscal year. In fiscal 1981 the volume of U.S. cotton exports is expected to fall over 30 percent because of a reduced U.S. crop and unfavorable economic conditions worldwide.

Feedgrain exports of 65.4 million tons through the end of August were 21 percent above last year, leaving the fiscal 1980 forecast of 70.9 million tons well within reach. Markets that have shown the largest increases are Japan, Mexico, Spain, and Eastern Europe. The forecast for fiscal 1981 calls for little increase in volume but about a 20 percent increase in price. The anticipated decline in Soviet feed grains imports will be offset by larger exports to China, South Korea and Canada, as well as other areas.

U.S. wheat (and flour) exports during fiscal 1980 will surpass the record of 35.9 million set in 1973. Exports through August already total 33.1 million tons. South America, Eastern Europe, and North Africa have shown marked increases over the previous year. In fiscal 1981, wheat exports are expected to increase. In addition, wheat prices are projected some \$10-\$11 per ton above fiscal 1980.

The corn soybean price relationship has favored the purchase of soybeans in fiscal 1980, as evidenced

by record shipments to the European Community of both soybeans (10.1 million tons) and soybean meal (3.5 million tons) through August. This favorable ratio has also encouraged China, Spain, and Eastern Europe to buy considerably more soybeans this year than last. In all, soybean exports of 23.7 million tons are estimated, valued at just under \$260 per ton. A short crop in the United States this fall is expected to reduce the volume of soybeans and products exported in fiscal 1981 by nearly 1 million tons. However, prodigious price increases should result in a 10-13 percent increase in the total value of soybean and product exports in fiscal 1981.

U.S. exports of animals and animal products are estimated at \$3.9 billion for fiscal 1980. An 18-percent drop in demand for whole cattle hides precipitated a 10-percent drop in the total value of hides and skins. However, poultry exports more than made up for this decrease with a \$200-million increase for the fiscal year. Exports of animals and products are projected to expand by 4-1/2 percent in fiscal 1981, fueled by continued growth in poultry and recovery in the hides and skins sector.

U.S. rice exports in fiscal 1980 are expected to be just under 2.8 million tons, valued at \$390 per ton. The difference between this fiscal year and last has been the significant increase (92 percent) in demand for husked or brown rice, mostly shipped to Korea. Marginal increases in both value and volume are expected in fiscal 1981. (*Stephen R. Milmo*, 202-447-9160)

WORLD COMMODITY DEVELOPMENTS

Grains

Grain Production Outside United States Up 6 Percent

World grain production in 1980/81 is expected to increase about 3 percent from last year's reduced harvest. Largest gains are expected in the USSR, Europe, Latin America, and India. Grain utilization may increase about 1 percent, following last year's rise of less than 1 percent. Carryover stocks may decline about 5 percent to the lowest level since 1976 and only 13 percent of utilization.

As prospects for the U.S. crop deteriorated through the summer, grain prices moved sharply higher. The August U.S. Gulf ports corn price was \$143 a ton, up from \$113 in June 1980 and \$122 in August 1979. The Gulf ports wheat price was \$171 a ton, compared with \$146 in June and \$173 last August.

World grain supply and utilization¹

	1977/78	1978/79	1979/80	Forecast 1980/81
	<i>Million tons</i>			
Production	1,337	1,455	1,399	1,434
Trade	166	174	198	199
Consumption	1,340	1,419	1,425	1,445
Carryover stocks . .	192	228	202	191

¹ Coarse grains, wheat, and milled rice.

World Coarse Grain Output To Decline Again

World coarse grain production is expected to decline for the second straight year in 1980/81. The anticipated 17-percent drop in U.S. production will offset the recovery expected outside the United States. The USSR coarse grain harvest is forecast at 96 million tons, up from 80 million in 1979 and equal

to the 96-million-ton average for 1974-1978. West European output is estimated up 4 percent because of larger barley crops in Spain and West Germany. In China, expected record yields are boosting output about 3 percent. Eastern European production is expected to decline about 4 percent; corn output is forecast about 14 percent below 1979's record.

Significant declines in feed use in the United States and Eastern Europe are expected to partially offset larger coarse grain use in most other regions in 1980/81. In the United States, feed use is expected to decline 7 percent because smaller supply has driven prices sharply higher and reduced prospective returns to poultry and livestock producers. In Eastern Europe, recovery in 1980 wheat output will allow greater use of domestic wheat for feeding in place of imported coarse grains.

Feed use of coarse grains is not expected to increase in the EC because of expanded use of feed wheat and non-grain feedstuffs and stagnation in the livestock industries. In other Western European countries, feed use is expected to increase only slightly, following a 3-1/2 percent rise in 1979/80. In the USSR, feed use is likely to recover from 1979/80's reduced volume but will remain below the level attained during the mid-1970's.

Utilization of coarse grains for both direct consumption and livestock feeding is expected to increase almost 5 percent in the developing countries. Rapid growth in use is expected to continue in Brazil and Mexico and to resume in East Asia and the Middle East, following little growth in 1979/80. Utilization in India and Argentina is expected to recover from 1979/80 levels, which were reduced by poor crops.

World coarse grain trade is expected to remain near last year's record volume of 100 million tons. Imports of the developing countries are expected to increase about 6 percent during July 1980-June 1981. Much of the increase will be in Mexican imports, which may increase from 5 to about 6 million tons. Because of limited availabilities, Soviet coarse grain imports are expected to decline to about 14 million tons from 18.6 million in 1979/80. East European grain production is estimated up 5 million tons in 1980, and the region's coarse grain imports are expected to decline from last year's high volume. Following a 10-percent decline in 1979/80, EC imports may increase in 1980/81.

Exportable supplies of our major competitors will be limited until Argentina's harvests next spring. Canadian exports are expected to decline substantially because of low carry-in stocks. Australian and East European exports are also expected to decline. These reductions may be about offset by larger shipments from Argentina, South Africa, and the EC. If Argentine coarse grain crops recover as expected,

World coarse grain supply utilization

	1978/79	1979/80	Forecast 1980/81
<i>Million tons</i>			
Production			
U.S.	218.1	234.5	194.5
Foreign.	529.6	492.4	526.9
World.	747.7	726.9	721.4
Exports ¹			
U.S.	56.9	71.6	70.9
Foreign.	32.7	28.6	28.2
World.	89.7	100.2	99.1
Utilization			
U.S.	153.3	156.2	148.7
Foreign.	568.0	574.8	592.2
World.	739.3	731.1	740.9
Carryover stocks			
U.S.	46.1	53.8	28.6
Foreign.	48.7	36.9	42.5
World.	94.8	90.7	71.1

¹ July-June year.

1980/81 exports will likely increase 1 million tons over last year's 6.6 million, but will remain well below the levels of the preceding 3 years.

Higher World Wheat Output

World wheat production is forecast up 7 percent in 1980/81, the increase due mainly to recovery in the European and Soviet crops and an anticipated 10-percent increase in U.S. production to a record high. Indian production declined over a tenth from last year's record crop, and Chinese production is expected to decline about 7 percent from 1979's record.

Wheat production in the developing countries, excluding India, is projected up a tenth in 1980/81. Gains are expected in the Middle East, North Africa, Latin America, Bangladesh, and Pakistan. Consumption is likely to increase about 3 percent, following 1979/80's 5-percent gain. In India, consumption may decline 5 percent, as stocks are drawn down 3 million tons to 3-1/2 million.

World wheat utilization is expected to total near 1979/80's record high. Soviet wheat use is likely to decline from last year's high level because stocks are depleted and more coarse grain will be available for livestock feeding. In Eastern Europe, with the recovery in production, wheat use is expected to rebound by 5 million tons. Consumption in the developed countries is expected to increase less than 1 percent.

Following last year's 19-percent gain, world wheat trade is expected to increase about 3 percent during July 1980-June 1981. Chinese imports are expected to rise from 9 million to 12 million tons. Soviet imports are expected to increase from 12 to 13-1/2

million tons. Imports of the developing countries may remain at about 42 million tons. Anticipated increases of 5 percent to North Africa and 9 percent to Indonesia will likely be offset by an expected 9 percent decline to South Asia.

Japan's wheat imports may decline slightly, since consumption is not expected to increase. EC imports are expected to continue at 4-1/2 million tons; exports are expected to increase over 1 million tons, to about 10.5 million. Non-EC Western Europe, normally a net importer, may be a net exporter of about 400,000 tons of wheat in 1980/81.

Canada's wheat crop now appears to be slightly above the drought-reduced 1979 crop, and carryin stocks are low. Thus, exports may decline more than 2 million tons in 1980/81. Australian production is expected to decline about 3 percent because of drought earlier this year. Exports are expected to decline from 14.9 million tons to about 14.0 million.

World wheat stocks are expected to increase about 7 million tons in 1980/81. The USSR is expected to add 3 million tons to stocks, with U.S. stocks likely to increase by 2 million. Stock drawdowns are likely in India, Canada, and Australia. World carryover stocks in 1981 are expected to total about 21-1/2 percent of utilization, up from 20 percent in 1980. (*Sally Breedlove Byrne, 202-447-9160*)

World wheat supply and utilization

	1978/79	1979/80	Forecast 1980/81
<i>Million tons</i>			
Production			
U.S..	48.9	58.3	64.1
Foreign.	398.7	360.9	383.9
World.	447.7	419.2	448.0
Exports¹			
U.S..	32.3	37.2	39.5
Foreign.	38.9	47.9	48.4
World.	71.2	85.1	87.9
Utilization			
U.S..	23.3	21.6	22.6
Foreign.	401.1	415.8	418.3
World.	424.4	437.4	440.8
Carryover stocks			
U.S..	25.2	24.5	26.6
Foreign.	80.7	63.2	68.2
World.	105.9	87.7	94.8

¹ July-June years.

World Rice Production Expected to Set New Record in 1980/81

World rice production during 1980/81 is forecast at approximately 390 million tons (rough basis), up considerably from the weather-related downturn the previous year. With several important exceptions,

growing conditions during the past several months have been favorable in most producing areas. A continuation of such conditions during the remainder of the growing season (into early fall) will be necessary to realize current world crop expectations. Monsoon performance in India into late August compares favorably with that of 1978, which resulted in a record crop. Exceptionally favorable growing conditions also characterize Indonesia, where a third consecutive record crop is anticipated. Production increases are also forecast for Bangladesh, Pakistan, Vietnam, and Thailand. In South Korea, cool weather in late July and early August has apparently caused some reduction in 1980 production prospects.

The outlook for Cambodia's rice crop has improved relative to last year, when production was severely curtailed. However, limited quantities of quality seed rice, a shortage of draft animals, insufficient fertilizers, and a host of other inhibiting factors associated with prevailing conditions in that country will probably keep Cambodia's 1980 crop well below that required to meet domestic consumption and seed requirements for the coming year. In China, adverse conditions to date have limited that country's ability to improve on last season's production level. Some flooding and abnormally cool weather, combined with evidence of some acreage shifts out of double cropped rice, have lowered China's overall production prospects this season. In Japan, too, cool temperatures and overcast conditions, particularly in northern producing areas, have reduced crop prospects to perhaps their lowest level in 25 years.

Despite slightly lower Indonesian import requirements, world rice trade during 1981 is expected to approximate the high levels of the past 2 years. Offsetting increases are currently forecast for a number of important markets in West Africa and the

World Rice Supply and Utilization

	1978/79	1979/80 ³	1980/81 ⁴
<i>(000 MT)</i>			
Production¹			
U.S..	4,272	4,483	4,515
Foreign.	255,213	247,985	258,732
World.	259,485	252,468	263,247
Exports²			
U.S..	2,335	2,900	3,000
Foreign.	9,609	9,745	9,365
World.	11,944	12,645	12,365
Utilization			
U.S..	1,652	1,923	1,709
Foreign.	253,136	254,075	261,130
World.	254,788	255,998	262,839
Carryover Stocks			
U.S..	1,018	828	834
Foreign.	26,447	23,059	23,450
World.	27,465	23,887	24,284

¹ Milled basis. ² Calendar years. ³ Estimated. ⁴ Forecast.

Middle East, and weather-related shortfalls in South Korean 1980 rice production could induce further purchases for 1981 delivery. Given the present assumptions about world production and trade, prices during the remainder of the 1980/81 year should show no dramatic changes. However, prices could weaken next year if prospects for a fourth record Indonesian crop in 1981 affect that country's import demand in late 1981 and early 1982.

The currently anticipated level of 1980/81 world production would allow world rice consumption to return closer to long-term trends, while maintaining stocks at approximately their carry-in level. Almost sixty percent of carry-in stocks are currently located in India, Japan, and the United States. (*Robert Tetro*, 202-447-9160)

Meals and Oils

World Production of Seeds, Meals, and Oils Likely To Decline in 1980/81

World production of protein meals (44-percent soybean meal equivalent) and total fats and oils is forecast to decline in 1980/81, following the 1979/80 record output. Meal production is anticipated to drop almost 9 percent but will remain well above the latest 5-year average. Fats and oils production is estimated to fall approximately 3 percent.

World Production						
	1978/ 79	% Δ	1979/ 80 ¹	% Δ	1980/ 81 ²	% Δ
	mil. m.t.		mil. m.t.		mil. m.t.	
High pro. meals . . .	83.4	+6	96.5	+16	87.9	-9
Total fats & oils . . .	54.5	+4	58.6	+8	56.9	-3
Edible veg. oils	37.5	+7	41.3	+10	39.7	-4

¹ Preliminary. ² Forecast.

U.S. production is expected to decline sharply—20 percent for soybeans and over 30 percent for sunflowerseeds—because of lower acreage and reduced yields. Foreign production in 1980/81 is estimated to rise 2 percent, though some areas will register declines. Canadian rapeseed production is expected to be down sharply, with reduced area and lower yields. In contrast, more favorable weather may improve India's peanut harvest and the rapeseed crops in both Western and Eastern Europe. The size of the crops in the Southern Hemisphere is uncertain because planting is just commencing.

Argentina is expected to continue plans to expand soybean production. Increased plantings of winter wheat will likely contribute to larger second crops plantings for soybeans, while more favorable corn prices will encourage some substitution of corn for soybean area. Brazilian farmers may not expand soybean acreage by much because government price incentives have been established which favor other crops in the traditional areas. Increased area on marginal lands in the northern states, however, may result in some net increase in output in 1980/81.

World production of fats and oils is expected to decline primarily because of lower soybean production. However, the drop is smaller than for meal because production of palm oil, as well as other high-yielding oilseeds will be up. World palm oil production is expected to increase almost 6 percent in 1980/81. This trend may slow later in the 1980's if Malaysia's rubber production expands. Increased world rubber demand and stiffer competition in the edible oils market is favoring shifts to rubber production in Southeast Asia.

Selected Northern Hemisphere Oilseed Crops

	1977/ 78	% Δ	1979/ 80 ²	% Δ	1980/ 81 ²	% Δ
	mil. m.t.		mil. m.t.		mil. m.t.	
United States:						
Soybean . .	50.9	+6	61.7	+21	49.8	-19
Sunflower .	1.8	+38	3.5	+94	2.2	-37
Cottonseed	3.9	-22	5.2	+33	4.2	-19
U.S.S.R.:						
Sunflower .	5.3	-10	5.4	+2	5.4	0
Canadian						
rapeseed . .	3.5	+84	3.4	-3	2.3	-32
Indian						
peanuts . .	6.4	+5	6.0	-6	6.3	+5
Senegalese						
peanuts . .	1.1	+57	.7	-36	.9	+29

Selected Southern Hemisphere Oilseed Crops

	1978/ 79	% Δ	1979/ 80	% Δ	1980/ 81	% Δ
	mil. m.t.		mil. m.t.		mil. m.t.	
Brazilian						
soybeans . .	10.2	0	15.0	+47	15.2	+1
Argentine						
soybeans . .	3.7	+37	3.3	-11	4.2	+27
W. Malaysian						
palm oil ¹ . .	1.9	+19	2.0	+16	2.2	+10

¹ Continuous production. ² Preliminary. ³ Forecast.

World Utilization Up Slightly

For 1980/81, world demand for oilmeals is forecast to increase at a slower rate than in 1979/80, though an increase is still expected from major markets.

With a short U.S. oilseed crop and a substantial rise in exportable supplies in Brazil, U.S. exports are likely to decline. World and U.S. stock levels will be down as production is expected to fall below consumption.

The worsening economic outlook, slower livestock sector growth, and rising soybean prices are expected to limit meal utilization. The U.S. season average soybean price is forecast to rise 30 percent above last season, reducing global demand. Only a 4-percent increase in utilization is now anticipated in 1980/81, compared with a 9-percent increase in 1979/80. In the EC, the availability of low protein feedstuffs will be up slightly. Increased availabilities, plus an expanded feed base in dairy and livestock, will stimulate demand for protein meals, despite relatively higher meal prices. Eastern Europe and the USSR will probably expand use to support their livestock sector through improved feeding efficiency. In non-traditional markets, such as South Korea and China, soybean use in 1980/81 may not expand much following the big increase in 1979/80.

World demand for edible fats and oils will expand marginally in 1980/81 but soybean stocks may remain relatively tight for much of 1980/81. The reduction in soybean crush, in particular, will lead to some stock draw down later in 1980/81, possibly strengthening soybean prices then. In the early part of 1980/81, better crop prospects in India, combined with large vegetable oil inventories in Brazil, Malaysia, and the United States are holding soybean prices down relative to meal.

U.S. Export Volume Down Slightly in 1980/81

For 1980/81, the volume of U.S. soybean exports will comprise a smaller share of world exports. Competition from South American exportable supplies and rising U.S. prices are expected to curtail U.S. soybean exports approximately 2 percent. Nevertheless, the 1980/81 forecast is 11 percent above the 1978/79 volume of exports. U.S. soybean exports in 1979/80 increased to many areas, especially the EC,

Spain, China, and Mexico because exports lagged from South America, particularly from Brazil, despite large supplies. Favorable meal prices also increased foreign demand for U.S. soybeans. Though the volume of total U.S. oilseed products will likely decline in 1980/81, higher prices should result in an 11-percent expansion in the value of U.S. oilseed exports, increasing by nearly a fourth from \$9.5 billion in 1979/80. (*Jan Lipson*, 202-447-9160)

Livestock and Poultry

Pork Supplies Large

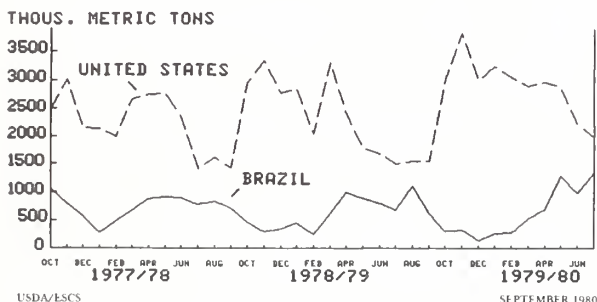
Most major pork producing regions of the world will show a significant increase in output in 1980. However, rapid increases in production over the past several years, combined with weak economic conditions, have resulted in an oversupply of pork in many regions. Thus, producers are reducing breeding herds and pig crops, and pork production will fall below year-earlier levels by late 1980 or early 1981 in many major producing regions.

Pork production in the United States is expected to total around 7.6 million tons in 1980, about 8 percent above 1979. However, output will probably be below 1979 levels this fall and may be down 8 to 10 percent in 1981. Canadian pork production in 1980 is expected to be up 12 to 14 percent from the 750,000 tons produced in 1979, but output in 1981 will likely decline about the same as in the U.S.

Mexico's output in the first half of 1980 was sharply above a year-earlier for two reasons. First, the tight supply/strong demand situation that existed for all meats in Mexico in 1978 resulted in producers increasing their breeding herds. Second, larger output resulting from the sharp increase in the pig crop caused prices to fall sharply and, along with shortages of feed, caused producers to cull breeding herds substantially. This large cutback in the breeding inventory, means pork supplies in Mexico will probably not be large enough to meet demand in the second half of 1980. Thus, prices will rise and producers will rebuild breeding herds. However, Mexican pork supplies will likely continue relatively small until the second half of 1981.

Pork output in the EC will likely be up 1-3 percent in 1980 and 1981. Japan's pork output is expected to show basically the same pattern as that of the United States and Canada, rising sharply in the first half of 1980, then declining below year-earlier levels by the end of 1980. Production in 1980 has suffered in Eastern Europe and the USSR because of their short 1979/80 grain and forage crops. Eastern Europe's pork output is expected to rise only marginally, and Soviet output may drop to 5 million tons, from 5.3 million in 1979. However, if 1980/81 grain and

U.S. AND BRAZILIAN EXPORTS OF SOYBEANS AND SOYBEAN MEAL. *



forage crops are better, pork output is expected to resume its upward trend in 1981 in both Eastern Europe and the USSR.

Poultry Output Also Increasing

Oversupply and economic factors presently hurting the world pork economy are also affecting poultry. One factor that has helped poultry more than pork, however, is the strong import demand for poultry products from the Mideast and the USSR. With strong domestic and foreign demand, poultry production in Brazil may be up 15 percent or more in 1980. In the United States, the cost-price squeeze in early 1980 and unusual heat-related problems this summer will mean poultry output may be up only marginally in 1980. Most other major poultry producers will show less increase in 1980 than in the past several years. Larger exports have helped the EC poultry industry this year, especially shipments to the USSR. However, indications are that new export orders are very sluggish and that domestic demand will not increase any further without prices dropping substantially. Thus, EC producers likely will have to reduce expansion in the last half of 1980.

The 1981 outlook in most major producing areas is better, because many will show reduced pork output in 1981. Several large poultry complexes are being built and beginning production in the Mideast. Thus, poultry output there will show substantial annual increases.

Beef Output Lower But Expected to Gain in 1981

Beef and veal production in the major producing regions of the world will be below 1979 levels in 1980. U.S. output will be down slightly, to around 9.7 million metric tons. However, it is expected to increase slightly in 1981, depending largely on growing conditions this fall and the final outcome of the 1980/81 U.S. feed grain crops. Canadian beef and veal output may decline by less than 3 percent in 1980, lower than expected earlier. Beef and veal output may decline in 1981 as producers hold back cattle to expand their herds. A reduced inventory has caused a sharp decline in Australian beef production in 1980. Beef and veal output in 1980 is expected to total around 1.6 million metric tons, down 10 percent from 1979. This large drop in Australian production will offset increases in several South and Central American countries. World trade in beef and veal meat in 1980 will be substantially below 1979, primarily because of the large reduction in imports by the United States and EC.

Cattle inventories are in their expansion phase, with almost all areas expected to show larger numbers at the start of 1981 than a year before. The

larger inventory numbers will make it possible for 1981 beef and veal production to be higher than 1980. However, some areas may decide to rebuild herds for even larger potential output in the mid-1980's and so reduce slaughter again in 1981. Much will depend on the world price of beef and the world economy in 1981. (*Gerald Ray Rector*, 202-447-9160)

Dairy

World Milk Production Up Slightly

Production of milk in the major producing countries is expected to show a slight gain in 1980, reaching 413 million metric tons, 1.1 percent above last year. The single largest milk producer, the USSR, continues to show reductions in milk output. Estimated production in 1980 is about 91.5 million metric tons, down 2 percent. The USSR has prevented culling of marginal producing cows to increase herd size, and dairy cow numbers have reached record levels. With favorable grain and roughage production in the latter part of 1980 and a slight recovery in average milk yields per cow, the effects of the poor feed supplies in the earlier part of the year should be offset somewhat and milk output will begin to improve.

In most regions milk production per cow continues to rise, accounting for much of the total increase. In the EC, milk production is expected to go up 2.5 percent, to 113 million metric tons. Efforts in the EC to encourage conversion from dairy to beef production have affected herd size, which is expected to decline marginally, by 0.1 percent, in 1980. U.S. production of milk continues to rise, up 3 percent in 1980.

Milk production in Australia has dropped 5 percent due to a combination of severe drought and continued decline in cow numbers. The effects of the drought will be felt well into next year, slowing recovery. Milk production in New Zealand is up by nearly 7 percent. Summer pasture growth has been excellent there, making up for an earlier deficit in late hay and silage. In Canada, although a period of short milk supply occurred around the end of 1979 and the first half of 1980, milk production since March has been well above year-earlier levels as farmers have been urged to produce more.

Butter Production Slips While Cheese Rises

Butter production in the major producing countries amounted to 6.1 million tons in 1980, about the same level as last year. Consumption is expected to drop about 3 percent, with stocks reaching 846,000 tons, an 8-percent increase over last year. USSR butter production is expected to drop 5 percent, while output in the EC is expected to rise 2 percent.

Nonfat dry milk production is expected to increase slightly, with EC and US production up. USSR, New Zealand, and Australian production continues to decrease. EC stocks, accounting for 30 percent of world stocks, may drop even further to 240,000 metric tons.

Cheese production and consumption continue to rise, with world production expected to increase 3 percent in 1980. Output in the EC continues to rise over 2 percent. Cheese production in Australia is expected to be up 9 percent, and in New Zealand, 17 percent. Extensive television advertising in New Zealand has benefited cheese consumption, which has almost doubled in 6 years. As prices of competitive food items increase relative to cheese prices, demand for cheese is expected to increase further. (*Linda M. Bailey*, 202-447-9160)

Sugar

World Sugar Stocks Likely To Fall Again in 1980/81

World sugar production in 1980/81 is expected to be between 87 and 92 million metric tons (raw value), up from an estimated 85.4 million in 1979/80. Weather, especially in Europe and the USSR; the size of the rust-afflicted Cuban crop; and the extent of Brazilian diversion of cane from ethanol to sucrose production will be major factors determining the 1980/81 crop.

Output increases in 1980/81 are expected in the Philippines, India, Australia, Fiji, and Argentina. Recovery will be limited in the USSR, however, as a result of weather difficulties. In Europe, wet, cool weather has reduced earlier crop prospects, and the EC's crop is now estimated to drop about 800,000 tons from last year. In addition, Cuba's output may not increase much, as new varieties are being planted to replace those susceptible to cane rust, which affected 40 percent of the 1979/80 crop. Brazil's sugar production is likely to expand considerably, possibly up nearly a fifth, but alcohol output derived from the cane is also estimated up about a similar percent.

Global sugar consumption in 1980/81 is forecast to rise slightly to about 92 million tons, or 1 percent over the previous season. Consumption will be limited, however, by high world sugar prices. World stocks in 1980/81 are expected to be drawn down about 2 to 3 million tons from 1979/80's estimated level of about 26-1/2 million.

In May, the International Sugar Agreement (ISA) world price jumped 10 cents to 31.2 cents a pound, but the price fluctuated from 27 to 33 cents from June through August. Speculative market adjustments and uncertainty over the 1980/81 outlook like-

ly caused the fluctuations. By mid-September, the price had risen to between 35 to 38 cents a pound.

The ISA Stock Financing Fund went into operation on July 1, 1980. All sugar traded between ISA member nations since then has been subject to a fee of 50 U.S. cents per metric ton (about 0.023 cents a pound). The accumulated money, in addition to financing the administration of the fund, will be lent to exporting member countries to finance the holding of special buffer stocks, should they again become necessary.

On July 23, 1980, the EC commission decided to ask the Council of Ministers for a mandate to negotiate EC membership in the International Sugar Agreement. The present ISA is scheduled to expire at the end of 1982, and extensive negotiations toward renewal are anticipated. (*David Young*, 202-447-9160)

Coffee and Cocoa

Modest Decline Anticipated In 1980/81 Coffee Production

The outlook for world coffee production during 1980/81 continues to point to a modest decline from the previous year, with exportable supplies down roughly 400,000 bags (60 kg) from 1979/80. Despite improved production prospects in Colombia, the Philippines, Nicaragua, Indonesia, Mexico, and the Dominican Republic, offsetting declines are anticipated in Brazil, Kenya, and El Salvador. Limitations on yields in Brazil are a consequence of the May 30-June 1 freeze last year; a combination of weather, disease, and domestic unrest explains the reductions currently forecast for Kenya and El Salvador. Exportable surpluses are expected to be up in Mexico, Costa Rica, and the Dominican Republic, in contrast to appreciable declines in El Salvador and Brazil. Colombian exportable supplies are likely to show virtually no growth.

Revised estimates of world coffee production now place the 1980/81 total at 80.1 million bags, up about 480,000 bags from the June figure primarily because of an upward revision in the Brazilian estimate. Revisions since June also indicate higher production in El Salvador and lower output in Peru and Guatemala.

World exportable supplies are now placed at 60.2 million bags, up more than 500,000 bags from the June estimate, but down almost 400,000 bags from 1979/80. Availabilities in Brazil again account for the bulk of both adjustments.

In July, a number of major producing countries suspended export registrations with the aim of stemming the drop in international prices. Nevertheless, prices during late August were softened by the

World Coffee: Exportable Production¹

Country/Region	Average 1970/71- 74/75	1975/76	1976/77	1977/78	1978/79	1979/80 ²	1980/81 ³
<i>1,000 Bags (60 Kg)</i>							
North & South							
America	31,235	34,297	23,027	32,455	38,558	38,244	38,050
Mexico	2,045	2,456	2,400	2,200	2,941	2,360	2,420
Guatemala	1,924	1,753	2,315	2,045	2,517	2,332	2,276
El Salvador	2,382	2,350	2,783	2,210	2,991	2,330	1,900
Brazil	12,563	15,000	1,800	10,000	12,000	14,000	13,500
Colombia	6,716	7,100	7,900	9,500	10,970	10,550	10,575
Africa	18,724	16,206	16,351	14,109	14,926	15,490	15,310
Angola	3,434	1,100	248	846	533	620	315
Ethiopia	1,137	1,011	1,049	1,135	1,342	1,130	1,250
Ivory Coast	3,754	5,107	4,782	3,284	4,625	3,867	4,106
Uganda	3,243	2,192	2,634	1,838	1,585	2,170	2,470
Asia & Oceania . . .	3,082	3,805	4,073	5,007	5,948	6,890	6,868
India	882	749	963	1,276	1,098	1,461	1,272
Indonesia	1,488	2,033	2,010	2,722	3,802	4,224	4,399
World Total	53,041	54,307	43,452	51,571	59,432	60,624	60,228

¹ Total harvested production less domestic consumption. ² Preliminary. ³ Forecast. Source: FAS/USDA.

**World centrifugal sugar production by region
and major countries¹**

Country and region	1969/70- 71/72	1977/78	1978/79	1979/80 ³
<i>--1,000 metric tons--</i>				
North America	17,516	19,221	19,242	18,330
Canada	127	147	125	122
United States ²	5,587	5,436	5,561	5,307
Cuba	6,382	7,200	7,000	6,400
Dominican Republic . . .	1,073	1,164	1,166	1,200
Mexico	2,466	3,029	3,058	3,000
Other North America . . .	1,881	2,245	2,332	2,301
South America	9,133	13,878	12,461	11,742
Argentina	956	1,665	1,387	1,395
Brazil	5,119	8,863	7,740	6,970
Other South America . . .	3,058	3,350	3,334	3,377
Western Europe	11,074	14,599	14,666	14,891
EC-9	9,318	12,104	12,267	12,894
Other Western Europe . . .	1,756	2,495	2,399	1,997
Eastern Europe	4,232	5,779	5,735	5,758
USSR	8,592	8,825	9,100	7,400
Africa	4,729	6,035	6,332	6,481
South Africa Republic . .	1,637	2,211	2,209	2,206
Asia	12,781	20,434	19,574	17,368
China, People's Republic	1,957	2,450	2,675	2,600
India	4,113	8,201	7,086	5,639
Japan	485	630	693	718
Philippines	1,951	2,397	2,347	2,383
Oceania	2,813	3,683	3,312	3,421
Australia	2,467	3,322	2,965	2,961
World Total	70,908	92,454	90,422	85,391

¹ Crop years are on a September-August basis, but include the outturn of sugar from harvests of several Southern Hemisphere countries which begin prior to September. ² Includes Hawaii and Puerto Rico. ³ Preliminary.

Source: Foreign Agricultural Service.

United States cotton exports by destination¹

Country	Average			
	1972- 76	1977/ 78	1978/ 79	1979/ 80
<i>1,000 running bales²</i>				
Bangladesh	101	42	107	63
Canada	202	214	214	263
China, People's Republic . .	332	414	606	2,156
China, Republic of (Taiwan)	445	490	431	693
European Community . . .	(360)	(312)	(405)	(611)
France	71	80	61	88
Germany, Federal Republic	75	65	92	195
Italy	106	77	136	176
United Kingdom	52	59	68	68
Other	56	31	48	84
Hong Kong	221	479	402	601
India	55	---	---	---
Indonesia	144	223	225	283
Japan	985	1,028	1,276	1,513
Korea, South	746	1,172	1,209	1,412
Philippines	122	98	116	138
Poland	30	34	70	25
Romania	44	32	50	120
Spain	61	64	62	124
Switzerland	66	105	86	111
Thailand	148	161	229	246
Other	386	351	362	420
World	4,448	5,219	5,850	8,779

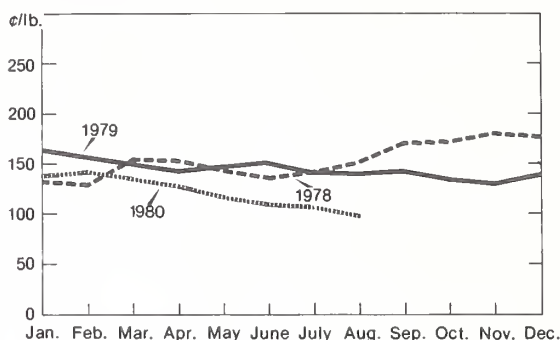
¹ Year beginning August 1. ² Running bales weigh approximately 500 pounds.

Source: Foreign Agricultural Service.

passing of Brazil's frost season as well as the generally comfortable short-run supply. Some downward pressure on prices also came from the late August decision by Mexico, Brazil, Costa Rica, and Nicaragua to rescind the export suspension orders. Such trends were temporarily interrupted in mid-September, however, when future prices were pushed sharply higher by rumors that a late frost in Brazil might injure newly blossoming coffee trees.

The International Coffee Organization's composite price (1976 Agreement basis) stood at \$1.34 per pound in August, down 26 percent from \$1.82 per pound in May when prices firmed somewhat because of buying in anticipation of a freeze in Brazil. While some firmness should result from the seasonal upturn in demand associated with winter in the Northern Hemisphere and the low stock levels in a number of major exporting countries, the upswing could be mitigated by competition among these same exporters.

Cocoa Price *



* Average of nearest three active futures trading months on New York Cocoa Exchange.

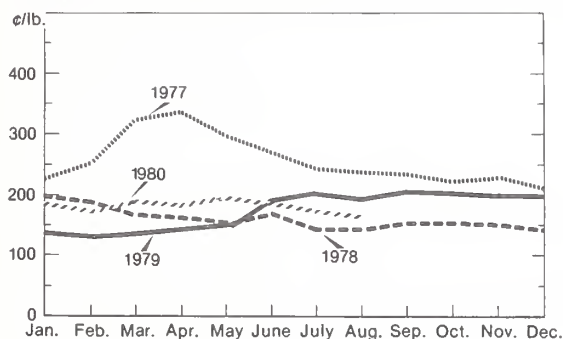
USDA

Neg. ESCS 2262-80(9)

average of \$1.44 and \$1.53 during 1979 and 1978, respectively. September prices, however, have recovered somewhat.

At informal UNCTAD cocoa consultations held the week of July 28th, it was decided to continue efforts at a new International Cocoa Agreement (ICA). Subsequent International Cocoa Organization (ICCO) meetings, which ended September 9, recommended that UNCTAD sessions aimed at new cocoa pact negotiations commence sometime in October and that the \$225 million buffer stock fund (which technically belongs to the producers now that the 1975 cocoa pact has elapsed) be invested in short-term securities. The UNCTAD cocoa meetings have now been scheduled for October 27-November 7 in Geneva. (Bob Tetro, 202-447-9160)

Coffee Price *



*International Coffee Organization composite price

USDA

Neg. ESCS 2501-80(9)

Cocoa Grindings Again Fall Below Production

World cocoa bean production in 1979/80 totaled a record 1.6 million tons, largely because of increased production in the Ivory Coast. Preliminary indications are that another large harvest is in prospect for 1980/81. Recent levels of production have not been matched by cocoa bean grindings, which in 1980 will fall below production for the third consecutive year, further adding to the buildup in stocks. Contributing to this curtailment in cocoa consumption have been persistent inflation, rising sugar prices, heavy use of cocoa substitutes, and a sluggish global economy.

Recent price trends (the average of the nearest-3 active futures trading months on the New York market) have reflected this supply-demand situation, having dropped to approximately 99 cents per pound in August from \$1.39 in January and an annual

Cotton

World Production and U.S. Exports Lower in 1980/81

World cotton production in 1980/81 is forecast at 63.4 million bales, down over 3 percent from last season's record harvest of 65.5 million. U.S. production is estimated at 11.7 million bales, based on September 1 conditions, down 20 percent from last year because of drought this summer in many areas of the Cotton Belt which has cut yield prospects sharply. Foreign production in 1980/81, however, is estimated to increase to 51.7 million bales, up over 1-1/2 percent, with area expected to rise over 2 percent. Increases are expected in the USSR, India, Brazil, and Argentina, with slight declines forecast for Turkey and Egypt. The crops in the USSR and Pakistan, two major export competitors of the United States, are progressing very well. The output estimate for China has been lowered due to heavy rains and flooding in central and eastern China, and the final har-

Cotton production and consumption

Year	Production		Consumption	
	World	Foreign	World	Foreign
	<i>Mil. 480-lb. bales</i>			
1975/76 . . .	54.0	45.7	61.2	53.9
1976/77 . . .	57.4	46.8	60.9	54.2
1977/78 . . .	64.1	49.7	61.0	54.5
1978/79 . . .	60.0	49.1	63.0	56.6
1979/80 ¹ . .	65.5	50.9	65.1	58.6
1980/81 ² . .	63.4	51.7	64.3	58.4

¹ Estimated. ² Forecast.

vest may be only about 2 percent above last year's 10.1 million bales.

World cotton consumption in 1980/81 may total slightly below last season's 65.1 million bales. World textile demand is presently slowing, with reduced demand in the United States and EC limiting cotton consumption in major Asian textile exporters. The high price of cotton in international markets and tight world export supplies may also limit cotton use. Increases in cotton mill use are expected in China and the USSR, with declines likely in the United States, Japan, and some nations in Western Europe and East Asia.

World exports are expected to decrease in 1980/81 to around 20-1/2 million bales because of higher foreign production and smaller use in some major importing countries. U.S. exports are projected at 6.3 million bales, down sharply from 9.2 million in 1979/80, primarily because of severely limited U.S.

export supplies, less competitive U.S. export prices, and sluggish world cotton use.

The Northern European Outlook "A" Index of prices has been increasing sharply recently, after declining to an average 84.1 cents per pound in June. The index in August rose to an average of 96.4 cents per pound, nearly 20 cents above a year earlier, and prices in early September increased to over \$1.00 per pound. Recent deterioration in cotton crop prospects in the United States and China has boosted prices significantly. (*David Young*, 202-447-9160)

Tobacco

World Production Up in 1980; Use and Trade To Remain Sluggish

World tobacco production in 1980 is estimated to increase about 4-1/2 percent to 5.63 million tons (farm weight), reflecting increases in all major types of tobacco except fire-cured. Larger area will account for basically all of the increase, as yields are expected to remain near 1979's level. Among major producers, large gains are expected in the United States, Canada, the Soviet Union, South Korea, and Poland. The U.S. crop is expected to be up 17 percent, recovering from the disease and dry weather of last season.

World tobacco consumption during 1980 is estimated to remain near 1979's stagnant level of 4.89 million tons. Use in 1979 showed little change from the previous year as consumption fell in the United States, France, Italy, the United Kingdom, Portugal, and the Soviet Union, but was about offset by increases in Spain, China, Indonesia, Japan, Pakistan, and the Philippines. World cigarette output, estimated to account for more than 85 percent of world tobacco use, increased only 1.8 percent in 1979, contributing to stable global tobacco use last year.

With higher production and nearly constant use in 1980, world ending stocks are estimated to rise to about 6.17 million tons. This large supply is likely to discourage any significant production increases in 1981.

World leaf exports in 1980 are expected to remain near or slightly below 1979's 1.40 million tons, reflecting stable consumption. Trade in 1979 was limited by adequate stock levels in manufacturing nations, high interest rates, and the slowdown in world use. (*David Young*, 202-447-9160)

Cotton Prices *



* C.I.F. northern Europe.

^Δ Outlook "A" Index of Liverpool cotton services. Average of 5 lowest priced of 10 selected growths.

USDA

Neg. ES53 2503-80(9)

REGIONAL AGRICULTURAL DEVELOPMENTS

United States

Crop Output Declines

Summer drought in the United States reduced 1980 crops, but production of most crops will still be large by historical standards. Farmers planted 3 percent more acres, but hot, dry weather in July and August reduced yields sharply below last year's records. Reductions in output are likely for feed grains, oil crops, and cotton. Food grain production will be up 8 percent. Unless there is further deterioration in crop conditions through harvest, supplies of grains and oilseeds will be adequate to support continued high domestic use and exports.

Unfavorable summer weather along with an outlook for continued strong overseas demand bolstered crop prices sharply. During the spring planting season, corn prices averaged about \$2.40 per bushel at the farm; wheat, \$3.60; soybeans, \$5.70, and cotton, 62 cents per pound. By August, corn had risen to \$2.93 per bushel, wheat to \$3.86, soybeans to almost \$7; and cotton to 70 cents per pound. Prices will stay strong through the fall and winter.

The export picture continues bright with increases in wheat, rice, and corn in prospect during the 1980/81 marketing year. Exports of soybeans likely will be slightly lower, and cotton shipments will be much smaller than this past season's unusually large export level. Feed-livestock price relationships do not favor stepped up feeding, and the sluggish general economy is tempering cotton mill use. Thus, domestic use of crops and fibers is declining. On balance, total use of grains, oilseeds, and cotton will be large enough to reduce 1980/81 ending stocks.

Meat Production Continues Large

Livestock and poultry production cycles are affecting meat output this year. Beef production declined 17 percent from 1976 to 1979. The sharp reduction in cattle numbers is ending and beef production in 1980 will about match last year's output. Fed beef production is still running at a low level, but is being offset by production of nonfed beef. The number of cattle placed on feed is expected to increase this fall and beef production in the first half of next year will be up moderately. Cattle prices will continue to increase in 1980. Large beef production will be more than offset by smaller production of competing meats. Also, consumer incomes will rise faster as the general economy improves.

Declining hog prices in 1979 prompted hog farmers to reduce pork output. However, since the upswing in production had strong momentum, pork output was

up 18 percent in the first half of 1980. Second-half production may be the same as last summer and fall. In the first half of 1981, pork production will be about 10-percent smaller than a year earlier. These swings in output are being reflected in hog prices. Last spring, barrows and gilts dropped to nearly \$31 per cwt. They are expected to average in the mid-\$40 range in the second half and then rise moderately next winter and spring.

Broiler production is holding steady, following sizable increases in recent years. The large supply put poultry producers in a loss position earlier in the year, and then the hot summer weather took a toll on birds being readied for market. Broiler prices have recently responded, and producers are expected to take steps to expand production. However, since the supply flock that provides eggs for broiler producers was also hit by the hot weather, production increases in the coming months will be small.

Farm Income Declines

Large meat supplies, record large 1979 crops, continued increases in farm costs, and a sluggish general economy are all contributing to a drop in farm income this year. Recent rises in crop and livestock prices will not be enough to prevent net farm income from dropping into the mid-\$25 billion range, down from \$32 billion in 1979. Farm income likely will rise moderately next year. Cash receipts will be up and more than offset higher production expenses. (*Don Seaborg*, 202-447-8378)

CANADA

Drought Reduces Grain Crops

Total Canadian 1980 crop production will be below the most recent 5-year average because of a drought in the agriculturally important Prairie Provinces. A grain crop disaster was averted by widespread rains during August.

Canada's average wheat yield is currently estimated at 23 bushels per acre, the lowest since 1974. Wheat production for 1980 may reach 17.4 million metric tons despite the dry weather.

Total coarse grain production is estimated at 21.1 million metric tons by Statistics Canada, a 13-percent increase from 1979. High feed grain prices and low oilseed prices motivated farmers to substitute barley for rapeseed. Although the area planted to coarse grains was up 11 percent from last year, Statistics Canada estimates yields will be about normal. Oilseed production is likely to be almost 40-

percent lower than last year, because of smaller acreage as well as lower yields.

Total supplies (stocks plus production) of wheat and coarse grains are estimated at 30.2 and 25.0 million metric tons, respectively—9 and 12 percent below last year's levels.

Coarse grain exports are expected to be one-third lower than the 1975-79 average. With wheat reserves high, exports will proceed at almost normal levels for the coming year. By mid-1981, wheat and coarse grain stocks will be unusually low.

Livestock Numbers Turn Around

Canadian livestock cycles correspond closely to those of the United States in response to a combined North American market. During the last 4 years, cattle numbers declined by 10 percent while hog numbers increased by 50 percent.

Both the cattle and hog cycles appear to have turned corners. The year-end cattle inventory is expected to reach 12.8 million head, 3-percent above a year earlier. Swine farrowing intentions for the third quarter of 1980 declined 12 percent, the first quarterly drop in more than 3 years. Although total 1980 hog slaughter is expected to reach 138 million head, 13 percent above 1979, slaughter during the first quarter of 1981 is expected to be 10 percent below 1979.

Canadian imports of beef, veal, and pork will be down substantially in 1980 while exports will set new records. Canada, which has not been a net exporter of beef since 1968, will be a net exporter of both beef and pork in 1980.

Farm Income Reduced

Statistics Canada estimates that total farm cash receipts—buoyed by larger livestock receipts—will increase about 5 percent in 1980 to \$14.8 billion. Farm expenses are expected to rise 12 percent from 1979 to \$11.9 billion. As a result, realized net farm income for Canadian farmers is forecast down 16 percent to \$3.2 billion. (Ron Trostle, 202-447-8378)

WESTERN EUROPE

Large Increase in U.S. Agricultural Exports

The value of U.S. agricultural exports to Western Europe has soared in fiscal year 1980, up 29 percent (October-June), from the level a year earlier. In the processed food sector, variety meats, nuts, and fruits and preparations showed the largest increases with some gain in processed vegetable exports as well. While inflation accounted for some of the increase in processed food value (costs are 12-13 percent higher

than a year earlier), much of the growth is in quantity. With the dollar relatively inexpensive relative to West European currencies and energy costs in Europe constantly adding more to processing costs than in the United States, Europeans may well continue to top off their food basket with products from the American market.

The gains in bulk commodities were equally impressive. U.S. exports of soybeans showed large gains in volume as well as in market share. Their exceedingly good price relative to the high internal grain prices was a factor in the volume gain. This situation is expected to moderate in 1980/81. Other factors which tended to increase exports of U.S. soybeans to Western Europe were reduced imports from Brazil and larger soybean meal exports.

U.S. Agricultural Exports to Western Europe

Area Commodity Group	October-June		1979 and 1980	
	Quantity		Value	
	1979	1980	1979	1980
	1,000 Metric Tons		Million Dollars	
Western Europe			7,469.4	9,641.0
Animals & Animal Products	1	1	734.5	900.4
Meats & Meat Products	123.4	137.2	172.6	231.2
Poultry & Poultry Prod.	---	---	33.2	55.8
Hides & Skins	---	---	334.3	382.6
Other animals & Animal Prod. .	---	---	194.4	230.8
Grains & Preparations . . .	---	---	1,476.2	2,093.9
Wheat & Products	1,995.2	2,522.1	278.7	444.2
Rice	394.7	348.8	111.4	133.1
Feed Grains & Prod.	10,054.0	12,461.8	1,075.5	1,498.9
Fruits & Preparations . . .	---	---	177.9	259.3
Nuts & Preparations	---	---	219.2	430.9
Vegetables & Preparations . . .	---	---	107.6	136.1
Feeds, Fodders - Ex. Oilcake	---	---	376.4	577.2
Oils seeds & Products	---	---	3,494.4	4,174.8
Oilcake & Meal	2,768.9	3,514.0	581.7	770.3
Oilseeds	---	---	2,855.0	3,333.6
Oils & Waxes - Veg.	48.0	76.3	38.9	53.0
Tobacco, unmf. . . .	126.8	117.9	526.1	516.2
Cotton - Ex. Linters	115.2	211.2	180.1	348.1
Cotton Linters	12.3	13.6	3.7	4.5
Essential Oils	4.1	4.3	34.5	38.9
Seeds - Field & Garden	---	---	54.0	76.1
Other Vegetable Prods.	---	---	84.8	84.6

¹ N.A.

U.S. cotton exports were up 93 percent during the October-June 1980 period, largely because of the poor quality of the Soviet crop and the reduced Greek harvest—countries which are also traditional suppliers to the European market. Turkey's exports to Western Europe were also reduced because of exchange rate controls that reduced profits of Turkish exporters. Once again, this situation is anticipated to modify in 1980/81, leaving U.S. cotton exporters with increased competition and probably a reduced European market share in the next fiscal year.

U.S. grain sales to Western Europe, both feed grains and wheats, have increased, largely because of advances in the U.S. share caused by a substantial shift in traditional trade patterns. After the U.S. trade suspension of grain sales to the Soviet Union, some Argentine grain that would normally have gone to Southern Europe was sold to the the USSR and U.S. grain sales to Southern European increased. U.S. sales to Western Europe in 1980/81 are not expected to be substantially different from the current level. While this year's European wheat harvest is expected to be larger than last year's, imports of high-quality wheat for blending should be about the same as in 1979/80. Corn for feed will remain a leading grain import as well.

Wet Weather Damaged Crop

Western Europe, especially the northern part, experienced an extremely wet and cold June and July with precipitation more than twice the normal amount in many regions. However, dry weather during the harvest period, and successful use of weather-resistant grains resulted in high levels of output, although quality was affected in some regions. Onions, potatoes, sugarbeets, cherries, strawberries, grapes, raspberries, and blueberries have all been adversely affected by the wet weather. There was also serious damage to forage crops in parts of Europe. Hay frequently had to be mechanically dried, raising fuel costs.

Increased Costs Menace Common Agricultural Policy

Lengthy negotiations were necessary this year to obtain Britain's contribution to, and the passage of, the 1980 Community budget. Negotiations finally resulted in an agreement to reduce British payments (\$1.6 billion less in 1980 and \$2.2 billion less in 1981, with a reduction also scheduled in 1982). These negotiations raised political objections in West Germany, now the largest contributor to the EC budget, and the settlement of negotiations included an EC pledge to undertake cost-reducing structural changes in agriculture by 1982.

The first draft of the 1981 budget went to the European Parliament in July. While showing a positive balance, the budget does not leave any room for a 1981 price increase for farm products. Annual price increases have come to be expected by European farmers who face price increases for purchased goods, particularly fuels. With the European Community pledged to support membership for Spain and Portugal, budgetary problems seem to be mounting rather than subsiding. Greece is already scheduled to become a member on January 1, 1981.

The accession of Greece, Spain, and Portugal will add surplus production of olive oil and wine to the already growing Community surpluses in dairy products and meats. Although offering some markets for some of the animal product surpluses existing in member countries, three new member countries will not buy enough to eliminate the surplus and will add substantial new surpluses and their concomitant costs. (*Stephen Sposato, 202-447-8289*)

AUSTRALIA

Grain Crops and Exports Large

Australian grain production during the 1980/81 crop year is expected to be large but below the two preceeding seasons. The area planted to wheat and coarse grains is nearly the same as last year's record planting, in response to higher prices received by producers. However, overall yields are projected to be lower than the past two seasons because of less-than-ideal weather. Drought was widespread at the beginning of the planting season, but timely rains brought moisture close to normal by the beginning of June. Winter (June-August) rainfall was adequate over most of the grain belt but the spring has started off dry. Subsoil moisture in southern Queensland and northern New South Wales is low, and additional rain will be required in that area for good crops.

A 1980/81 wheat crop of 15.5 million metric tons was projected during the winter months, but recent dry weather may reduce the size of the crop. Coarse grain production was projected at 6.6 million metric tons. Since barley and oats are produced in the same area as wheat, a smaller crop may be obtained.

Grain exports have continued large during 1980 as world markets have expanded. Wheat exports during January to June totaled 7.5 million metric tons, 72 percent larger than a year ago. Australia is likely to become the world's second largest wheat exporter this year. Barley and grain sorghum exports have been 55 percent larger than a year ago.

Meat Production Declines

Total red meat production during the first 6 months of 1980 was 15 percent less than a year ear-

lier. The decline was due to a 22-percent reduction in beef and veal output, which more than offset increases in lamb, mutton, and pork. Beef and veal production will continue to decline as farmers and ranchers attempt to rebuild herds. As of March 31, the total number of cattle and calves was 3 percent less than a year earlier. Cattle will need to be withheld from slaughter to increase future production. As a result, total beef and veal production for all of 1980 may be down 15 percent. Exports will be reduced and so will domestic consumption. (Allen O. Johnson 202-447-8378)

JAPAN

The rice area diversion target for 1980 is 535,000 hectares, 37 percent above the 1979 target, as the Government of Japan attempts to balance rice production and consumption at about 10.2 million tons (brown). Despite a current surplus of about 5.0 million tons (brown), in early August the Government announced an increase of ¥6,000 (2.3 percent) per ton in the procurement price for the 1980 crop. Diversion efforts will be stepped up in 1981. Diverted rice area will expand 25 percent to 670,000-680,000 hectares in 1981. Such planned expansion will be costly and will probably lead to some reduction in incentive payments to encourage growing alternative crops.

The surplus disposal program is in its second year. As a result of an agreement with the United States in April 1980, an average of 400,000 tons will be exported annually over the next 4 years although exports this year may be somewhat higher than that total. So far no rice has been used in formula feed production. Rising world grain prices may hasten the

decision to use rice in feed. As much as 800,000 to 900,000 tons (brown) per year could be incorporated in feed over the next 4 years.

Livestock production in Japan is slowing in response to slower rates of growth in real personal income, rising world grain prices, and depreciation of the yen. The general livestock feed price index has declined fairly steadily since early 1979 and is now at 1976 and 1977 levels.

Swine numbers are expected to decline as producers increase marketings. Hog prices are currently about 85 percent of what they were in 1978/79. Recovery may be quicker than expected, however. Farm prices have increased since late 1979 as a result of Government purchases of imported and domestic pork. Feeder pig prices have also improved in recent months. Profitability in beef, milk, and broiler production declined in 1979/80. Egg production, on the other hand, showed some improvement. Government efforts to cull cows with low productivity will help stabilize milk prices and slightly dampen lower-grade-beef prices. (William T. Coyle, 202-447-7590)

USSR

Prospects for the Soviet grain crop deteriorated in July and August because of hot, dry conditions in parts of the Northern Caucasus, the southern Volga region and Urals, and the northeastern regions of Kazakhstan. The hot, dry weather, accompanied by desiccating winds in some areas adversely affected grain heading and filling and also flowering of some late planted grain. Furthermore, above-normal July rainfall, cool weather, and some flooding in parts of European USSR hampered harvest operations and caused some crop damage. Thus, the 1980 Soviet grain crop will amount to about 210 million metric tons.¹

Harvest Problems

USSR grain harvesting began late this year. A late spring and cool weather delayed seeding and retarded plant development, especially in European USSR. Press accounts reported grain ripening delayed 10 days to 2 weeks in many areas. High winds, rain, and hail in early July complicated harvest operations. With some weather improvement in the southern areas, the harvesting lag was eliminated by August 11. However, as the harvest front moved northward into areas which had received excessive

Livestock and Feed Price Indices, Japan

Year	Price received for Livestock products	Prices paid for feed	Ratio
1975 = 100			
1976	103.4	102.9	100.5
1977	102.9	100.9	102.0
1978	100.5	87.8	114.5
1979	104.0	88.7	117.2
1979 July	105.5	92.2	114.4
Aug.	103.1	92.8	111.1
Sept.	106.7	93.0	114.7
Oct.	104.7	93.0	112.6
Nov.	107.6	93.1	115.6
Dec.	110.3	93.1	118.5
1980 Jan.	104.4	102.4	102.0
Feb.	107.6	104.4	103.1
Mar.	111.8	105.0	106.5
April	109.7	105.4	104.1
May	107.3	105.6	101.6

¹ The Soviets report a total figure for grains and pulses. Soviet figures are also "bunker weight", i.e., the grain as it comes from the combine.

rainfall in July and again in the last 2 weeks in August, the harvest pace slowed again. Farmers were reported attaching tracks to combines to maneuver in rain-soaked fields, and special attachments were fitted to harvest flattened grain. The moisture content is frequently reported high, and grain quality will undoubtedly suffer.

As of September 1, small grains and pulses had been cut on 78.3 million hectares, almost 6 million hectares behind the pace in 1979, close to 10 million hectares behind the average area cut during 1974-1979, and the slowest pace since 1972. Of the area cut, 65.5 million hectares of grain had been picked up and threshed, leaving 12.8 million hectares in windrows as of this same date.

Sowing of Winter Grains

The backlog of harvest work has severely compressed the time available for sowing next year's winter grain crop. In some areas optimal sowing dates passed with this year's crop still in the fields. Seed shortages were reported, and in some areas of the Northern Caucasus and Volga region farmers were being urged to substitute lighter surface cultivation for the deeper and more time consuming moldboard plowing.

As of August 25, 1980, winter crops had been sown on 5.3 million hectares or about 13 percent of the planned area. By comparison, in late August 1979 winter crops had been seeded on 11.8 million hectares (28 percent of the planned area), and seeding was completed by mid-October. Without a sudden improvement in the weather and field conditions, the Soviets probably will be unable to meet the official target of 42 million hectares in winter crops.

Soviet Livestock

Soviet statistics published during the summer have shown disappointing results in the livestock sector. The Soviets attribute the poor performance this year (compared with the first 6 months of 1979) to the "difficult wintering and protracted cold spring." The U.S. sales suspension—which denied the USSR the equivalent of about 10 percent of its feed grain requirements during the first half of the year—was also a factor.

Livestock inventories in the socialized sector as of August 1, 1980, compared with 1 year ago, showed record numbers of cattle, cows, and poultry but the rate of growth in numbers was the smallest in at least 5 years. Hog, sheep, and goat numbers were lower than they were a year earlier.

The unusually heavy slaughter of livestock (mostly hogs and poultry) in January and February returned to more normal levels in March. January-July average weights of cattle and hogs sold to the Govern-

ment for slaughter were down 2 percent and 4 percent, respectively. The numbers of both cattle and hogs marketed during this period were down 2 percent from a year ago.

Meat and Milk Production

Meat production (liveweight) in the socialized sector during January-July 1980 fell 3 percent compared with a year ago, because of sharp drops in output in June and July.

Milk output continued to slide, falling 4 percent below January-July 1979 output—because of poor feed supplies and a 5-percent decline in cow productivity. Egg production continued on the upswing; rising 4 percent above 1979 output in this same period.

Current indications are that 1980 total meat output in the USSR will fall short of both the 15.7 million tons planned for 1980 and the 15.5 million tons produced in 1979. Milk production is expected to fall below the 95 million tons planned for 1980 and also the 93.3-million-ton output in 1979. The declines seem almost unavoidable at this juncture despite Soviet recognition that "more complete satisfaction of consumer demand for meat and milk is a vital problem...." Egg production is projected to exceed the 65.6 billion output in 1979 and reach a record.

Meat Imports

Soviet imports of meat and meat products in 1979 reached a near-record of 611,340 tons, up by 427,340 tons from the sharply reduced import level in 1978. It is estimated that imports in 1980 may exceed those in 1979. (Angel O. Byrne, 202-447-8380)

EASTERN EUROPE

Weather and Crop Conditions

Major crops in Eastern Europe have developed slowly this year because of cool, wet weather since early spring; nevertheless, a generally good winter grain crop is in prospect. In the northern countries, prospects for spring grains are also considered good, even though planting was late, while corn development in the southern countries was hampered by the same weather.¹ The 1980 grain harvest is estimated at 94.5 million tons, more than 4 percent above last year, but still below the record 95.8-million-ton harvest of 1978. The wheat harvest is expected to increase 25 percent from last year's disappointing

¹ Northern countries: Poland, GDR, and Czechoslovakia; southern countries: Bulgaria, Hungary, Yugoslavia, and Romania.

results, but high moisture content will reduce grain quality and may lead to imports of milling quality wheat. The combined harvest of barley, rye, and oats is expected to increase 5 percent to 29.0 million tons, while corn output should be about 29.1 million tons, roughly 15 percent below last year's record crop.

This year's output of major oilseeds—sunflowerseed, rapeseed, and soybeans—is also expected to exceed last year's, primarily on the strength of an increase in rapeseed output. However, rapeseed production will be about 1.2 million tons below levels for 1975-78, because of a March freeze after snow cover had disappeared and summer flooding. The outlook for sunflowerseed, the area's major oilseed, is for about 2 million tons, a decline of roughly 10 percent from last year's record. Efforts to further expand soybean production in the region are expected to meet with only marginal success this year because of disappointing yields. Output of roughly 630,000 tons is expected.

Wet conditions in much of Eastern Europe have dimmed the outlook for potatoes and sugarbeets. Production of potatoes could fall by 10 to 15 percent and of sugarbeets by 5 to 10 percent.

Heavy Rains in Poland

Poland has been the country most seriously hurt by this summer's weather. Flooding from June through August affected 1.7 million hectares, or nearly 10 percent of Poland's agricultural land, causing loss of almost half of the first hay cutting and serious loss of row crops.

Though damage to grain was light, delays in development and continued soggy field conditions are making the harvest particularly difficult. Estimated output of grain is 19.5 million tons, which is roughly three million tons below planned production.

Damaged forage crops and lowered grain expectations suggest that Polish animal herds may be reduced. By June, beef cattle and dairy cow numbers were down 3 and 1.5 percent, respectively, from a year earlier. Hog numbers were holding even. It is unlikely that further declines can be avoided without continued large imports of grain through the 1980/81 marketing year. Recent worker unrest, at least partly the result of poor meat supplies, makes large grain imports essential.

Trade Forecast

Even when Eastern Europe has a good grain crop, such as the prospect for 1980, consumption requirements exceed domestic supplies. Total grain imports for the marketing year are expected to fall only slightly from last year's estimated 16.9 million tons, to roughly 15.3 million tons. In 1979/80, the United States exported a record 11.5 million tons of grain to

U.S. exports to Eastern Europe

	1979 Jan-Apr	1979 May- Aug	1979 Sept- Dec	1980 Jan-Apr	1980 May- Aug
	1,000 metric tons				
Wheat,	0	559	117	936	704
Feeg grains,	1,416	2,542	2,964	3,684	2,245
Corn,	1,300	2,380	2,673	3,684	2,228
Barley,	0	69	0	0	16
Grain sorghum, . .	116	93	291	0	0
Soybeans,	268	170	224	316	260
Soybean meal, . . .	705	423	454	967	259

Source: U.S. Exports Sales, USDA/FAS.

Eastern Europe, a market share of 70 percent. This share is likely to decline during the current marketing year.

U.S. exports of soybeans and soybean meal to Eastern Europe also set records in 1979/80. The outlook is good for continued high exports of these two commodities in 1980/81.

Winter Grain Seeding

A developing backlog in field work will mean less time to do fall sowing. Without some clear, dry weather in September and October, prospects for 1980/81 fall-sown crops could be hurt. (*Ed Cook*, 202-447-8380)

PEOPLE'S REPUBLIC OF CHINA

Crop Prospects Deteriorate

Chinese grain production is likely to decrease this year following 2 years of substantial increases. Wheat production declined because of adverse fall and spring weather. Especially heavy rain along the Changjiang (Yangtze) Valley in July and August led to flooding in eastern and central China. The extent of crop damage is still uncertain, but rice and cotton crops have been hurt. Conditions in northern and northeast China—the major coarse grain and soybean producing areas—still appear to be fairly good, despite reports in August from the Beijing area and more recently from Heilongjiang Province of drought and below-normal rainfall.

Total wheat production is currently estimated at 56.5 million tons, down 4 million tons from 1979 because of dry planting weather last fall and below-normal temperatures this spring. The decline in winter wheat will be partially offset by an increase in spring wheat production.

Total rice production for 1980 is now expected to be somewhat below last year's record crop. Rice area appears to have declined slightly, primarily because the area of double-cropped rice has fallen for the

second consecutive year, as the Chinese continued to return to a single rice crop, particularly in central China. Flooding and waterlogging in central and eastern China have reduced prospects for intermediate and late rice.

Cotton production is now expected to be only about 2 percent above last year's crop despite higher area and more incentives for cotton producers. Yields, in the traditional major growing area, North China Plain, are likely to rise above the depressed levels of recent years. However, weather damage has clearly reduced yield prospects for the eastern and central cotton growing provinces.

Winter rapeseed production was reportedly among the best in recent years but probably fell short of 1979. Total rapeseed production is not likely to exceed last year's record 2.4 million tons. Increased emphasis on oilseeds has resulted in area increases for most other oilseed crops. The effect of adverse summer weather on oilseed crops is uncertain, but it still appears that total oilseed production this year will be slightly better than last year.

Foreign Trade

Increasing domestic demand, more flexible trade policies, and production problems this year pushed PRC agricultural imports to record levels. Total fiscal 1980 U.S. agricultural exports to the PRC are expected to reach nearly \$1.9 billion, about double the level of fiscal 1979.

Total PRC grain imports for July-June 1980/81 are now estimated at 14.5 million tons—12 million tons of wheat and 2.5 million tons of coarse grain. In July/June 1979/80, 10.8 million tons of grain were shipped to the PRC from all sources, 8.8 million tons of wheat, and 2.0 million tons of corn. U.S. exports accounted for 2.3 million tons of wheat and 1.7 million tons of corn to the PRC in 1979/80. In 1980/81, the United States will provide more grain; wheat sales are already more than twice last year's total.

By August, the end of the 1979/80 soybean marketing year, total PRC imports are estimated to have reached a record 1 million tons, over 800,000 tons which were of U.S. origin. Because the current prospects for the PRC's soybean and other fall-harvested oilseed crops still appear good, total 1980/81 PRC soybean imports are expected to be somewhat less than those of 1979/80.

Below plan cotton production is expected to put upward pressure on Chinese cotton imports, but higher prices and reduced availabilities will limit imports. Imports now appear likely to fall a little short of the 1979/80 marketing year total of 3.7 million bales. Nearly 900,000 bales of U.S. cotton have already been purchased for delivery in the 1980/81 cotton marketing year. (*Carolyn L. Whitton*, 202-447-8676)

Output Up Sharply in South Asia

The 1980 monsoon has been generally good for India's summer crops of rice, coarse grains, peanuts, cotton, and sugarcane. Through mid-September, normal or above rainfall occurred in 81 percent of the summer cereal area, compared with 56 percent during the 1979 drought and 99 percent during 1978, when record crops were harvested. If monsoon rainfall continues favorable through the end of September, production estimates for some summer crops may be revised to record or near-record highs.

The production setback from the 1979 drought will likely lead to at least short-run supply problems for wheat, rice, and coarse grains during late 1980 and early 1981. The situation has not led to any significant food grain imports so far in 1980, nor has India indicated any intention to import substantial amounts of grain. Exports of wheat will be limited to 55,000 tons in 1980, but rice exports are expected to be about 650,000 tons. With a favorable monsoon in progress and domestic grain prices steady, it appears that India will deal with any grain shortage by drawing from its substantial stocks and perhaps distributing rice rather than wheat through the Food for Work program and government fair price shops in some states.

An exporter of over 600,000 tons of sugar in both 1978 and 1979, India has curtailed most sugar exports and contracted for 400,000 tons of sugar imports so far in 1980. Imports are needed because the 1979 drought and unremunerative producer prices led to a sharp drop in sugarcane plantings and yields. The good monsoon and soaring domestic prices should lead to a rebound in production from the current crop, but whether or not the crop will be sufficient for India to resume significant exports in 1981 is uncertain.

Production of selected summer crops, India

Commodity	1978	1979	1980
--- 1,000 Metric Tons ---			
Rice (paddy). . . .	80,824	65,315	78,829
Coarse grains. . . .	30,579	27,121	30,250
Peanuts.	6,387	6,000	6,300
Cotton ¹	6,250	6,100	6,250

¹ Cotton production in 1,000 480-lb. bales.

The food grain situation in Bangladesh is dramatically improved over last year. Favorable weather and expanded fertilizer use are expected to push 1980/81 rice production to a record 13.2 million tons, up 7.2 percent from the drought-reduced output of 12.3 million tons in 1979/80. Wheat production will likely

rise substantially again, reaching 1.8 million tons, 50 percent higher than the official 1979/80 estimate.

Poor crop production in 1979/80 encouraged Bangladesh to import a near record 2.7 million tons of food grains. This action enabled the government to avoid the very large stock drawdowns of previous poor crop years. Food stocks as of December 31, 1980, are projected at 1.02 million tons.

Pakistan, like India, received above normal rainfall during the recent monsoon season. Because of plentiful rain and an above average supply of fertilizer, the Government set a cotton production target of 3.4 million bales (480 lbs.) for the 1980 harvest, the same as the previous year. If water availability continues adequate, rice production may reach 3.5 million tons during 1980, compared with 3.3 million tons in 1979. The influx of Afghan refugees into Pakistan continues at a rapid pace. Presently, Pakistan estimates their numbers at about 1 million, which means more wheat and other food grains will be needed to feed the larger population.

Production Mixed in East and Southeast Asia

Taiwan is facing very dry weather, particularly in the south where fresh summer vegetables and a second rice crop are being hurt. Some of the rice area was not planted, causing the Government to lower its rice estimates from 2.5 to 2.2 million tons for 1980. If the drought does not end shortly, Taiwan may have to import fresh vegetables in order to meet domestic requirements. The Government has already banned rice exports for the remainder of 1980.

South Korea, plagued by political uncertainty and recession, is in the midst of its worst economic crisis in 20 years. To improve its trade balance, Korea is expanding its textile markets and so has increased purchases of U.S. cotton. The great expansion of livestock numbers in 1979 has been followed by slackening demand for meat because of the recession. The resultant oversupply and falling prices have led to a ban on meat imports and a sharp reduction in livestock numbers. U.S. corn exports to South Korea dropped 36 percent during January-July, and soybean meal exports have ceased altogether. Soybean exports have been maintained at the 1979 level.

Wheat and barley consumption have increased, largely because of Government controls on grain use and prices, while rice consumption has declined. A recent increase in wheat flour prices could mitigate or reverse this trend and put pressure on rice supplies in 1980/81. Barring an unexpected increase in the upcoming rice crop, substantial rice imports will continue, although at a lower rate than in 1980.

Thailand continues to limit rice exports in an effort to channel more into the domestic market and slow the rise in food prices. Following near record exports in 1979 and the first quarter of 1980, rice

exports have slackened and will total about 2.4 million tons during 1980.

Sugar exports have been banned and the Thai Government has arranged to import at least 100,000 tons from British and Hong Kong firms on a loan basis. Although the country will remain a net exporter of sugar during 1980, the combination of low 1979/80 production and overselling on the world market caused the Government to seek imports to keep domestic sugar prices down.

Corn output may equal the 1979 record of 3.3 million tons, and cassava product exports should pick up as new supplies become available during the last 4 months of the year. The Soviet Union and Iran, not normally buyers of Thai feedstuffs, have entered the market during 1980 and helped drive prices up.

Indonesia's 1980 rice harvest has been revised upward to 19.5 million tons, a 9-percent rise from the record 1979 crop. Reasons for the bumper harvest include greater high-yielding variety use, a higher rate of fertilizer application, less than normal flood damage, and absence of significant pest damage. The huge harvest, coupled with imports of 1.7 million tons during the first 7 months of 1980, has resulted in substantial storage problems. The 2.3-million-ton stock level is double the capacity of Government-owned storage so remaining stocks are being placed in rented warehouses.

Philippine coconut production will be up about 15 percent from the drought-affected 1979 output. Copra and coconut oil prices have steadily declined since reaching new highs in mid-1979. Export prices in the first half of 1981 were down 29 percent for copra and 21 percent for coconut oil. (*E. Wayne Denney*, 202-447-8229)

Africa and Middle East

Sub-Saharan Africa is the only region in the world where per capita food production declined over the past two decades. Such a decline exacts a high price in both human and economic terms. The human price is inadequate nutrition. In most Sub-Saharan countries, per capita caloric intake falls below minimal nutritional standards. The economic price of inadequate food production is an increasing demand for food imports at a time when grain prices are rising and many African Governments face acute balance of payments and foreign exchange problems.

A recently completed study conducted by the Africa and Middle East Branch, ESCS, USDA, *Food Problems and Prospects in Sub-Saharan Africa: The Decade of the 1980's*, finds severe implications from this pattern. Using a series of equations which capture the dynamics underlying production and consumption between 1965 and 1975, import demand

and unmet food needs in 1990 were estimated. The picture is a stark one. If 1975 real per capita income levels and producer price patterns prevailed in 1990, Sub-Saharan Africa would have an import gap of 11.5 million metric tons (cereal equivalent). High as this is, there would still be large unmet food needs. Bringing diets up to minimal caloric consumption levels (about 2,300 calories per person per day) would require 12.4 million tons, more than the import demand.

Ordinarily, the assumption that per capita income remained at 1975 levels would be considered a pessimistic one, designed to show primarily the growth in import demand associated with population growth. The study suggests, however, that for many countries, this may be an optimistic assumption. Real per capita income declined in all regions of Africa between 1975 and 1979. If real 1979 per capita income levels and producer price patterns prevailed in 1990, the import gap would fall to 9.5 million tons, while unmet food needs would rise. Some 13 million tons would be required to attain minimal caloric consumption levels.

Even assuming that there is growth in real per capita income, and that growth follows 1965-79 patterns (essentially smoothing out the effects of recent economic problems), the picture is disturbing. The import gap rises to 18.5 million—some 11.9 million tons being accounted for by West Africa alone. Because income growth is so skewed across regions, diets reach adequate levels in West Africa, while major unmet food needs persist in the Sahel, and Central and East Africa. Meeting these needs would require an additional 9.1 million metric tons of cereals. If growth followed more recent 1974-79 trends, the regional skewing is even more extreme. Under these conditions, the 1990 import gap would be 21.1 million tons—with 18.2 accounted for by West Africa. Unmet food needs would persist, and 10.1 million tons would be required to eliminate them. The conclusion seems clear. If growth follows historical patterns, there will be dramatic increases in the demand for imports by 1990, yet very little reduction in the quantity of food required to respond to unmet food needs.

Sub-Saharan Africa's food balance is precarious mainly because of supply problems. Productivity has been low, and growth in production has depended primarily on increases in acreage. To some extent, this reflects the structure of food production. While land tenure patterns vary from region to region, most food production occurs in the subsistence sector. There is little use of commercial inputs which might improve yields, and most of the labor for cultivation is provided by people working with relatively simple hand tools. Labor requirements, and as importantly, labor bottlenecks, put constraints on the additional acreage which can be cultivated.

In addition, however, the natural environment plays an important role. Wide variations in yield reflect adverse weather, pest infestation, and crop diseases. Many tropical soils are fragile, losing organic matter and nutrients quickly if they are exposed or cultivated intensively. Cropping patterns and fallowing systems have been the major vehicles for managing soil fertility. Yet, if African food production is to increase, ways must be found to make a transition both to a more commercial system of production and marketing, and to viable methods for more intensive cultivation with higher yields.

Knowledge of African food production systems is spotty and has not led to the development of viable packages of inputs based on new technology such as have been developed in Asia and elsewhere. The environmental obstacles to such new technology are enormous. In addition, the conditions of labor scarcity and labor bottlenecks make the search for viable technology difficult. On the whole, better use of existing resources seems to offer, at the present time, a surer means of improving productivity until a re-directed research effort can come to grips with the real constraints facing African farmers.

Part of the problem lies, however, with the structure of demand. In many countries there is a high demand, especially in urban areas, for wheat and rice. Wheat cannot be produced in many countries, while rice production is frequently more difficult and costly than production of other, less preferred, crops such as millet, sorghum, maize, pulses, roots, and tubers. In some areas, attempting to reduce the import gap may mean shifting dietary preferences. In others—especially West and East Africa—it may depend more on developing ways of processing local foods to make them more convenient to urban consumers who still have taste preferences for them.

Historical orientations and policies have also contributed to create existing conditions. Agriculture and its support system have been, and to a great extent remain, geared toward export crop production. Cash crops are generally produced primarily for external markets. Internal urban markets are often supplied through imports, sometimes because it is less expensive for countries to import food than to encourage domestic production and bear high internal distribution costs. Changing this emphasis will require substantial investment in infrastructure and institution building.

The success of any move to transform domestic food production will be extremely dependent on the timing and coordination of marketing, production, and trade policies. The analysis of the 1965-79 period suggests that production is responsive to price in all regions except Central Africa. Pricing policy can, therefore, be an instrument for increasing food production. Changing pricing policy will not itself solve the problem, however, unless the transportation sys-

tem is adequate. In addition, storage facilities may be necessary to support an announced pricing policy.

In the short term, the right mix of trade, marketing, price, and storage policies, put into effect by governments who have become conscious of the consequences of the food problem, may create an incentive for farmers to produce more food.

Unless there are structural changes in productivity in food production, however, there will be a point where greater production of one commodity can come only at the expense of decreased production elsewhere. Under these conditions, the tradeoff between food crops and traditional export crops rapidly assumes the character of direct competition for land and labor resources. Governments are able to influence the outcome of this competition through their pricing policies (inputs and outputs), but they are constantly pressured to influence it in favor of cash crops that account for a heavy share of foreign exchange earnings.

In the longer perspective, therefore, the timing of implementation of agricultural and other related policies becomes critical. In the absence of incentives for farmers to adopt new farming practices and technology, government investments in agricultural research, extension services, and input delivery systems will have only a small payoff, quite inadequate to deal with the scope of the food problem. On the other hand, the application in an ad hoc manner of policies creating incentives to farmers produces unexpected and costly results if the physical foundation for higher productivity has not been laid.

It is probably unrealistic to expect that the countries of Sub-Saharan Africa can find the resources and new technology to eliminate the huge import gaps that characterize the economies of many of them today. They can, however, narrow these import gaps. Doing so requires a combination of workable policies and investments in productive infrastructure and human capital, leading to a transformation of their subsistence sectors from present, low levels of productivity and quality of life to higher levels of productivity and an enhanced quality of life.

Iranian-Iraqi Conflict

The escalating conflict between Iran and Iraq may further exacerbate the already tight food situation in Iran. Particularly likely to be affected are bulk items which are shipped through the Persian Gulf area such as feedgrains, live animals, meat, rice, and vegetable oils. Iran has recently harvested an average wheat crop and should have sufficient stocks for the near term. However, in other items such as feedgrains, vegetable oils, and meat, where the dependence on imports is much greater, the actions in the Persian Gulf area could be ominous.

Iraq has arranged to have a large part of its

imports of wheat, rice, barley, and frozen chickens to come through ports in Syria, Turkey, and Jordan. This means that the pipeline of food moving into Iraq is likely to continue flowing despite the war with Iran. Imports of agricultural commodities by Iraq in the first half of 1980 were about \$1 billion. U.S. agricultural exports to Iraq reached \$180 million in the first half of 1980 — up from \$57 million in the first six months of 1979. Much larger shipments of wheat, rice, barley, and frozen chickens contributed to the increase. (*Cheryl Christensen*, 202-447-8054)

LATIN AMERICA

Outlook Mixed for 1980 Agricultural Production

Preliminary information indicates that Brazil, Argentina, and Mexico are expecting improvements in their farm sectors in 1980. Expectations range from a slight improvement to further declines for the other countries in the region.

Brazil's farm sector is enjoying a year of abundance after two years of drought. The recovery in the agricultural sector will result in a new record for Brazilian farm exports, although they may not reach the target level of \$10 billion. Tropical products—coffee, cocoa, and sugar—have been the core of the export drive to date. Soybeans are expected to continue to contribute significantly to export earnings in 1980. Total exports of soybeans and products are likely to increase to \$2.2 billion from last year's \$1.6 billion.

Increasing internal demand for wheat and corn as a result of higher incomes and continued strong population growth will result in higher imports of those commodities. Brazil's wheat imports are expected to be about 4.6 million tons in 1980, while corn imports should reach 1 million tons.

Both Argentina's and Mexico's farm sectors are expected to have a good year. Central America hopes to increase production of most major crops, but there are undetermined non-agricultural conditions in that region which will affect final agricultural output. Farm output in Bolivia and Chile is expected to be mixed with some overall improvement. Peru is experiencing problems in the farm sector and production will probably be down again. The general agricultural situation in the Caribbean region is expected to deteriorate further, mainly because of Hurricane Allen.

Caribbean Agriculture and Industry Suffer Extensive Hurricane Damage

Hurricane Allen devastated large sections of many Caribbean countries. Banana, coffee, cocoa, and

citrus plantations were extensively damaged, as were vegetable crops in many areas. Processing and storage facilities, along with stocks of food supplies, were also badly damaged.

Large imports of seeds and nursery stock will be needed to rebuild the agricultural sectors and additional food imports will be required to meet current needs. This volume will be in addition to the increased imports required because of production shortfalls last year and rising incomes throughout the area.

U.S. Agricultural Exports to Latin America¹

Region or Country	1975	1976	1977	1978	1979	1980
--- Million Dollars ---						
Mexico . .	733.6	380.5	608.4	735.2	971.9	1,972.2
Central America .	198.2	188.5	209.3	235.6	251.1	344.4
Caribbean	359.1	397.2	430.2	456.7	558.0	685.1
Brazil . .	203.6	367.8	87.2	412.3	444.7	660.8
Venezuela . .	325.1	267.9	305.1	355.4	447.7	513.1
Other South America .	520.7	482.7	487.3	562.2	698.3	937.7
Total . . .	2,340.3	2,084.6	2,127.5	2,757.4	3,371.7	5,113.3

¹ Fiscal year. ² Forecast.

U.S. Exports to Latin America Expected To Be Up Sharply in Fiscal 1980

U.S. agricultural exports to Latin America, which had been increasing about 17 percent annually for the past 5 years, rose 52 percent in fiscal 1980 to an estimated \$5.1 billion. U.S. farm export increases ranged from 15 percent for Venezuela to more than 100 percent for Mexico. Mexico farm imports from the United States, valued at \$2.0 billion, accounted for nearly 40 percent of the total U.S. agricultural exports to the area. The Caribbean was next, at \$685 million, and Brazil was third at \$661 million.

U.S. shipments of grains and preparations to the region were valued at \$2.8 billion. Feed grain exports amounted to 10.8 million tons, wheat and products

U.S. agricultural exports to Latin America¹

Commodity	1977	1978	1979	1980 ²
--- 1,000 Metric Tons ---				
Wheats and Products .	3,832	6,907	6,162	6,672
Rice	80	45	170	209
Feed grains	3,652	3,928	4,446	10,850
Oilmeal	476	374	504	759
Soybeans	496	743	806	1,062
Oils	214	295	339	384
Tobacco	7	6	8	.6
Cotton	4	5	15	3

¹ Fiscal year. ² Forecast.

U.S. agricultural exports to Latin America¹

Commodity	1977	1978	1979	1980
--- Million Dollars ---				
Animals & Animal Products	381.9	461.2	569.2	672.9
Grains and Preparations . . .	928.4	1,341.4	1,551.4	2,818.3
Fruits and Preparations . . .	44.5	59.8	65.4	83.8
Nuts	8.4	12.2	17.2	24.7
Vegetables & Preparations . . .	98.3	89.3	125.4	231.4
Feeds & Fodder . . .	46.5	53.5	62.6	70.2
Oilseeds & Products	429.4	518.0	698.0	911.0
Tobacco	38.7	40.3	51.0	57.0
Cotton incl. Linters	7.2	9.3	22.9	5.3
Essential Oils	14.3	13.2	17.7	18.5
Seeds	34.9	41.7	47.9	60.5
Other Veg. Prod.	95.0	117.5	143.0	159.7
Total	2,127.5	2,757.4	3,371.7	5,113.3

¹ Fiscal year. ² Forecast.

6.7 million tons, and rice 209,000 tons. These totals represent a 65-percent increase over 1979. Oilseeds and products exports were up nearly 30 percent in value to \$911 million, including shipments of 1.1 million tons of soybeans, 759,000 tons of oilmeals, and 384,000 tons of oils.

U.S. farm shipments to Latin America are expected to be slightly lower in fiscal 1981 because of the expected improvements in the farm sectors there. (John Link, 202-447-8133)

WORLD FOOD AND TRADE POLICY DEVELOPMENTS

Trade Restrictions

El Salvadoran Meat Interrupted

Excessive levels of pesticide residues in meat exported from El Salvador prompted USDA in March to block U.S. shipments from that country until it demonstrates that it has a reliable residue control program.

Mexico's Pork Imports Halted

Mexico suspended imports of pork meat and meat products from about April 10 to September 4. A shortage of feed grain in that country, especially sorghum, precipitated widespread slaughtering of hogs, thus flooding the market and depressing pork prices. In 1979, Mexico imported U.S. pork meat products valued at \$14.4 million, 6.5 percent of total U.S. pork exports. Mexico also stopped imports of hides and skins this summer, but recently indicated that imports of these items could resume, licensed on a 2-month basis rather than the 6-month basis that preceded the ban. The United States sold \$100.4 million of cattle hides and skins to Mexico in 1979, 12 percent of total cattle hides and skins exports.

Nursery Stock Quarantine Revised

On May 12, USDA announced that it had revised the basic quarantine regulations that restrict the import of nursery stock, plants, and seeds. The revision was effective June 15, 1980. The new regulations facilitate the entry of certain groups of plants rooted in sterile media from approved sources. Many kinds of palms, including coconut, may no longer be imported. Restrictions have also been placed on the number of countries from which strawberries, sweetpotatoes, chrysanthemums, and cassava plants may be imported. This revision was made following a thorough review of world pest and disease conditions, and the new regulations were necessary to prevent introduction of a series of plant diseases.

Iran's Food Exports Blocked

Iran stopped exports of all basic food materials in late May as part of that government's effort to stockpile food. Iran's principal agricultural exports have been cotton, fruits and nuts, and hides and skins.

Guatemalan Meat Stopped

Excessive levels of pesticide residues and inadequate certification procedures led USDA to stop

accepting Guatemalan meat in early August. U.S. imports of meat from that country totaled 33.4 million pounds in 1979, about 1.5 percent of total U.S. meat imports.

Oman's Tobacco Duty Raised

Among measures designed to discourage cigarette consumption, Oman's duty on tobacco imports will rise from 2 to 30 percent beginning January 1, 1981. Cigarettes with more than 20 mg of tar or 1 mg of nicotine will be banned. In 1979, 45 percent of Oman's \$40 million in imported manufactured tobacco came from the United States, with West Germany and the United Kingdom supplying 35 and 17 percent, respectively.

Trade Agreements

Greece's Entry to EC Approved

With the Netherlands' approval of the Greece-EC accession treaty in early May, all 10 signatories have now completed the ratification process. The treaty goes into effect on January 1, 1981.

Rubber Agreement Funded

On June 16, the President signed S. 2666 into PL 96-271, an act to authorize appropriations of \$88 million for the International Natural Rubber Agreement for fiscal year 1981. Adopted in Geneva on October 5, 1979, and signed on behalf of the United States on January 8, 1980, the agreement seeks to stabilize natural rubber prices without disturbing long-term market trends and to foster increased natural rubber supplies at reasonable prices through management of a buffer stock. Rubber will be purchased for the stock when world prices fall to the low end of a specified price range, and sold when prices rise to the high end of the range. The U.N. Conference on Trade and Development expected to have enough signatures to permit the agreement to enter into force provisionally by October 1, 1980. Signatures would be required from countries representing 65 percent of exports and imports, respectively.

India-Iran Trade Agreement Signed

In mid June, India and Iran arranged for India to supply food items such as rice, wheat, and cereals in exchange for a long-term supply of crude oil. The two countries agreed to explore further economic collaboration.

Policies on Grain Shipments to USSR Announced

On April 29, 1980, the United States announced it would honor the last year of the U.S.-USSR Grains Agreement and supply the Soviet Union with the 6 to 8 million metric tons of wheat and corn called for in the agreement year beginning October 1, 1980. In early August, U.S. and USSR delegations met for technical discussions on the licensing procedures now required for U.S. grain exports to the USSR. The Soviets indicated that they too would honor the agreement and purchase the 6 million tons required. The Soviets are expected to purchase the full 8 million tons.

In January, USDA had asked major grain exporters in the United States to refrain from selling third country grain to the USSR. On June 20, 1980, USDA announced that other major exporting countries had developed specific policies to limit sales of 1980-crop grain to the USSR and that U.S. grain companies were informed that trade consistent with those countries' policies would be compatible with the general U.S. policy of restraining sales to the USSR. On July 23, the Soviets began contracting for grain deliveries into the last year of the agreement and as of September 26, 1980 had contracted for 4.34 million tons of corn and 2.38 million tons of wheat.

Argentina-USSR-Agreement Concluded

On July 10, the Argentine Government announced a 5-year (1980-84) grain trade agreement with the Soviet Union. Argentina agreed to supply 4.5 million tons annually: 3 million tons of corn; 1 million tons of sorghum; and 500,000 tons of soybeans. Although not included in the package, wheat purchases are also expected, since the USSR has been a regular customer for Argentine wheat since 1974.

Turkey-Iran Trade Pledged

In mid July, Turkey agreed to export 250,000 tons of wheat to Iran with deliveries beginning in October. In 1979, Turkey delivered 40,000 tons of wheat to Iran in exchange for oil. The current agreement is also believed to assure oil for Turkey.

Brazilian Soybeans Contracted

On August 1, the press reported that Brazil agreed to sell 900,000 tons of soybeans and soybean meal to

Japan over the 3-year period from October 1980 through September 1983. This agreement more than triples the amount Brazil sold Japan 1977 through 1979.

U.S. Poultry Import Rules Changed

USDA announced on May 1 that new regulations will allow the importing of carcasses and meats of poultry and other birds that have been thoroughly cooked. The change removes the stipulation that hermetically sealed containers be used. Studies have shown that foreign poultry diseases will not enter the country if the birds have been cooked.

U.S. Food Aid Boosted

On July 10, the President signed an appropriations bill granting an additional \$143 million for the Food for Peace (PL-480) program for the fiscal year ending September 30, 1980. PL 96-304 will provide approximately \$123 million of grant food assistance in the Title II program, and the remaining \$20 million will be used in the Title I program, which provides food assistance through concessional loans. A substantial amount of the Title I aid will go to East African countries experiencing serious drought and increasing numbers of refugees.

U.S. Exporter Registration Required

All U.S. firms exporting grain to foreign buyers must now register with the U.S. Government. New regulations, under the U.S. Grain Standards Act, require firms exporting 15,000 metric tons or more per year to register with USDA's Federal Grain Inspection Service (FGIS) by October 10. Regulations require annual registration for the calendar year; however, the initial registration will be for the period from October 10, 1980, through December 31, 1981. For applicants engaged only in foreign commerce grain business, the initial fee will be \$169. Applicants who also own 10 percent or more interest in any other businesses involved in interstate grain commerce will pay twice that amount. (Cecil W. Davison, 202-447-8143)

U.S.: Nominal and deflated farm prices for wheat, corn, and soybeans¹

	Wheat		Corn		Soybeans	
	Nominal	Deflated	Nominal	Deflated	Nominal	Deflated
	\$/bushels					
1960/61	1.74	1.95	1.00	1.12	2.13	2.38
1961/62	1.83	2.03	1.10	1.22	2.28	2.53
1962/63	2.04	2.24	1.12	1.22	2.34	2.56
1963/64	1.85	2.00	1.11	1.20	2.51	2.71
1964/65	1.37	1.46	1.17	1.24	2.62	2.79
1965/66	1.35	1.41	1.16	1.20	2.54	2.64
1966/67	1.63	1.66	1.24	1.25	2.75	2.78
1967/68	1.39	1.37	1.03	1.00	2.49	2.43
1968/69	1.24	1.17	1.08	1.00	2.43	2.25
1969/70	1.25	1.11	1.16	1.01	2.35	2.06
1970/71	1.33	1.12	1.33	1.11	2.85	2.38
1971/72	1.34	1.09	1.08	.87	3.03	2.45
1972/73	1.76	1.38	1.57	1.20	4.37	3.37
1973/74	3.95	2.85	2.55	1.78	5.68	3.99
1974/75	4.09	2.66	3.02	1.91	6.64	4.22
1975/76	3.56	2.15	2.54	1.51	4.92	2.93
1976/77	2.73	1.56	2.15	1.20	6.81	3.83
1977/78	2.33	1.24	2.02	1.06	5.88	3.05
1978/79	2.98	1.46	2.25	1.07	6.66	3.22
1978						
January.	2.53	1.35	2.00	1.07	5.75	3.07
February	2.59	1.37	2.03	1.08	5.53	2.94
March.	2.67	1.41	2.15	1.13	6.20	3.27
April	2.82	1.47	2.24	1.17	6.49	3.39
May.	2.82	1.46	2.29	1.18	6.77	3.50
June	2.81	1.44	2.28	1.17	6.69	3.43
July.	2.81	1.42	2.16	1.08	6.40	3.25
August	2.88	1.45	2.01	1.01	6.21	3.14
September	2.92	1.47	1.98	.99	6.20	3.11
October	2.99	1.48	1.97	.98	6.26	3.11
November	3.04	1.50	2.02	1.00	6.41	3.16
December	3.01	1.48	2.09	1.03	6.49	3.20
1979						
January.	2.99	1.46	2.11	1.03	6.58	3.21
February	2.99	1.44	2.18	1.05	6.99	3.38
March.	2.97	1.42	2.22	1.06	7.16	3.42
April	3.01	1.42	2.27	1.07	7.06	3.34
May.	3.20	1.49	2.35	1.10	7.06	3.30
June	3.72	1.72	2.49	1.14	7.36	3.41
July.	3.89	1.78	2.64	1.21	7.36	3.36
August	3.74	1.69	2.54	1.15	7.07	3.20
September	3.87	1.73	2.51	1.12	6.81	3.05
October	3.98	1.76	2.41	1.07	6.35	2.81
November	3.94	1.73	2.27	1.00	6.30	2.77
December	3.80	1.65	2.38	1.04	6.27	2.73
1980						
January.	3.74	1.60	2.45	1.05	6.39	2.74
February	3.78	1.60	2.39	1.01	6.20	2.62
March.	3.64	1.52	2.40	1.00	5.94	2.48
April	3.68	1.52	2.36	.97	5.63	2.33
May.	3.69	1.51	2.42	.99	5.76	2.35
June	3.69	1.49	2.49	1.00	5.91	2.38
July.	3.81	1.54	2.73	1.10	6.75	2.72
August	3.86	1.55	2.93	1.17	6.99	2.80

¹ Prices deflated by U.S. Consumer Price Index, 1967 = 100.

Table 1—U.S. agricultural exports: Volume by commodity, 1978/79 and 1979/80¹

Commodity	Oct.-Aug		Oct.Sept.	
	1978/79	1979/80	1978/79	Forecast 1979/80
- Million metric tons -				
Wheat.	27,813	32,328	31,340	35.9
Wheat flour . . . . .	.770	.808	.877	1.0
Feed grains.	54,140	65,366	59,499	70.9
Rice.	2,248	2,685	2,397	2.8
Other grain products . . . . .	.873	.955	.861	1.0
Feeds and fodders.	3,943	5,089	4,304	5.5
Soybeans.	19,082	22,706	20,194	23.7
Soybean meal.	5,652	6,676	5,996	7.1
Other oilcake and meal. . . . .	.274	.381	.294	.4
Soybean oil . . . . .	.980	1,137	1,059	1.2
Other vegetable oils. . . . .	.532	.655	.460	.6
Sunflower seed	1,321	1,800	1,342	1.9
Cotton, including linters	1,294	1,953	1,395	2.0
Tobacco . . . . .	.273	.268	.287	.3
Fruits, nuts and vegetables.	2,587	2,879	2,807	3.1
Beef, pork, and variety meats . . . . .	.299	.319	.326	.3
Poultry meat. . . . .	.188	.290	.208	.3
Animal fats	1,159	1,388	1,276	1.5
Other	2,091	2,890	2,574	3.4
Total	125,519	150,573	137,496	162.8

¹ Shown in actual export tonnages not converted to product equivalents. Excludes animal numbers and some commodities reported in cases, pieces, dozens, liquid measures, etc.

Table 2—U.S. agricultural exports: Value by commodity, 1978/79 and 1979/80

Commodity	Oct.-August		Oct.-Sept.	
	1978/79	1979/80	1978/79	Forecast 1979/80
- Billion dollars -				
Grain and feed.	12.182	16.872	13.633	18.2
Oilseeds and products	8.172	9.414	8.692	10.0
Cotton, including linters	1.772	2.882	1.910	3.1
Tobacco	1.228	1.273	1.292	1.3
Fruits, nuts and vegetables.	1.869	2.459	2.066	2.7
Sugar and tropical products . . . . .	.668	.823	.734	.9
Livestock products	2.904	2.880	3.160	3.2
Dairy products . . . . .	.110	.142	.120	.2
Poultry products . . . . .	.336	.498	.368	.5
Total	29.241	37.244	31.975	40.0

Table 3—Total grain production, use, and trade, USSR¹

Year	Production	Trade		Total	Utilization		Stock Changes ³
		Imports	Exports		Feed	Other ²	
	Million tons						
1970/71	187	1.3	8.5	188	92	95	-8
1971/72	181	8.3	6.9	181	93	88	+2
1972/73	168	22.8	1.8	187	98	89	+2
1973/74	223	11.3	6.1	214	105	108	+14
1974/75	196	5.7	5.3	206	107	99	-10
1975/76	140	26.1	.7	180	89	90	-14
1976/77	224	11.0	3.3	221	112	108	+11
1977/78	196	18.9	2.3	228	122	106	-16
1978/79	237	15.6	2.8	231	125	106	+19
1979/80 ⁴	179	31.0	.8	226	126	100	-17
1980/81 ⁵	210	28.0	1.0	234	128	106	+3

¹ Totals may not add due to rounding. ² Seed, industrial food, and dockage waste. ³ Minus indicates withdrawal from stocks.

⁴ Estimated. ⁵ Forecast.

Table 4—Total Cereals: World Production, Consumption, and net exports.

Region	1969/70-1971/72				1978/79				1979/80				1980/81			
	Production	Consumption	Net Exports		Production	Consumption	Net Exports		Production	Consumption	Net Exports		Production	Consumption	Net Exports	
<i>Million Metric Tons</i>																
Developed Countries	404.0	377.5	31.5		515.6	414.5	90.3		528.9	420.4	113.9		505.6	416.2	114.1	
United States	208.7	168.9	39.3		271.3	178.5	94.8		297.3	179.7	110.5		263.1	173.2	113.1	
Canada	34.4	22.1	14.9		41.4	22.7	16.2		35.8	24.2	19.4		38.5	24.7	14.6	
EC-9	94.2	111.5	-16.6		116.7	119.4	-6.4		114.1	119.8	-4.2		118.2	120.4	-3.3	
Other Western Europe	28.9	33.7	-4.9		36.9	43.7	-9.1		33.2	44.8	-10.3		39.2	45.4	-7.6	
South Africa	10.1	7.1	2.5		10.5	9.0	2.5		13.2	9.3	4.0		12.1	9.6	3.3	
Japan	12.7	27.9	-14.4		12.2	34.5	-23.1		11.8	35.6	-23.8		11.0	36.2	-23.9	
Oceania	15.0	6.3	10.7		26.6	6.7	15.4		23.5	7.0	18.3		23.5	6.7	17.9	
Centrally Planned Countries	408.7	423.9	-6.5		547.6	564.7	-35.3		496.4	566.7	-54.6		527.5	576.4	-52.8	
Eastern Europe	75.1	83.2	-7.8		96.4	109.4	-12.2		91.2	105.3	-14.5		95.8	107.6	-12.2	
USSR	167.4	171.8	4.0		227.5	221.4	-12.9		171.7	218.2	-30.4		200.7	224.3	-27.1	
People's Republic of China	166.2	168.9	-2.7		223.7	233.9	-10.2		233.5	243.2	-9.7		231.0	244.5	-13.5	
Developing Countries	312.1	330.1	-8.9		385.0	424.0	-39.2		366.5	426.8	-54.5		394.6	443.1	-49.1	
Middle America	16.1	17.3	-1.0		20.5	25.3	-4.7		18.0	26.7	-9.2		20.5	28.1	-7.8	
Venezuela	8	1.8	-9		1.5	3.4	-1.9		1.4	3.4	-1.7		1.9	3.7	-1.8	
Brazil	20.4	22.0	-8		24.5	30.3	-6.2		29.6	34.1	-5.9		30.1	36.4	-6.0	
Argentina	19.4	11.1	8.5		25.6	11.8	14.2		19.0	10.6	9.1		26.1	11.5	14.5	
Other South America	6.8	8.9	-2.1		7.5	11.1	-3.3		8.4	11.7	-3.6		8.1	12.0	-4.0	
North Africa/Middle East	41.1	50.0	-3.7		51.9	71.6	-18.7		49.3	72.9	-23.3		52.8	75.4	-23.1	
Central Africa	21.5	23.2	-1.7		22.2	26.2	-4.5		26.1	22.1	4.4		22.1	26.6	-4.6	
East Africa	10.9	10.8	-2		11.7	12.3	-4		10.1	11.6	-1.4		10.9	12.0	-1.2	
South Asia	119.1	123.5	-5.5		180.4	152.9	-2.3		140.7	148.8	-1.9		150.9	154.1	-2.2	
Southeast Asia	25.7	23.7	1.9		29.7	25.0	3.8		28.6	25.8	3.9		29.8	26.4	3.5	
East Asia	30.3	37.8	-3.4		39.5	54.1	-15.2		39.9	55.1	-15.6		41.4	56.9	-16.4	
Rest of World	4.1	6.0	-1.7		5.9	7.6	-1.6		6.0	7.7	-1.6		5.9	7.5	-1.7	
World Total	1,128.9	1,137.5			1,454.1	1,410.8			1,339.5	1,400.0			1,433.6	1,443.2		

Table 5— Coarse Grains: World Production, Consumption, and Net Exports

Region	1969/70-1971/72				1978/79				1979/80				1980/81	
	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports
<i>Million Metric Tons</i>														
Developed Countries	276.4	275.5	.9	349.4	309.7	32.5	361.9	316.2	327.5	309.1	44.4	327.5	309.1	43.3
United States	165.8	145.7	20.2	218.1	153.3	59.9	234.5	156.2	194.5	148.8	70.6	194.5	148.8	70.9
Canada	20.5	17.4	3.2	20.3	17.3	3.2	18.6	18.5	21.1	19.1	3.7	21.1	19.1	2.2
EC-9	56.7	69.9	-13.0	68.5	77.5	-10.0	67.2	77.3	67.5	76.9	-9.1	67.5	76.9	-9.3
Other Western Europe	18.6	22.5	-4.1	25.6	32.8	-8.5	23.5	33.8	26.7	34.1	-9.3	26.7	34.1	-8.3
South Africa	8.7	5.7	2.6	8.8	7.0	2.5	11.0	7.4	10.2	7.5	3.2	10.2	7.5	3.2
Japan . . . . .	.7	11.1	-10.3	.4	18.2	-17.9	.4	19.3	.3	19.2	-18.9	.3	19.2	-18.9
Oceania	5.4	3.2	2.3	7.7	3.6	3.3	6.7	3.7	7.2	3.5	3.4	7.2	3.5	3.5
Centrally Planned Countries	185.0	189.3	-3.7	242.2	262.6	-20.9	220.9	252.3	236.9	262.5	-29.7	236.9	262.5	-25.6
Eastern Europe	48.6	51.9	-3.1	60.4	69.8	-8.9	63.4	72.2	60.8	69.9	-9.1	60.8	69.9	-9.1
USSR	73.8	74.7	-.5	105.3	113.2	-8.9	80.0	100.6	96.1	110.1	-14.0	96.1	110.1	-14.0
People's Republic of China	62.6	62.7	-.1	76.5	79.6	-3.1	77.5	79.5	80.0	82.5	-2.5	80.0	82.5	-2.5
Developing Countries	131.1	125.6	5.0	153.7	161.0	-6.7	141.4	159.5	155.1	167.0	-11.2	155.1	167.0	-11.2
Middle America	13.4	13.6	-.1	17.1	19.8	-2.7	14.8	21.2	16.8	22.3	-5.5	16.8	22.3	-5.5
Venezuela . . . . .	.7	.9	-.3	1.2	2.3	-1.1	.9	2.1	1.6	2.5	-.9	1.6	2.5	-.9
Brazil	14.6	14.4	.9	16.6	18.1	-1.6	20.1	21.0	20.5	22.4	-1.6	20.5	22.4	-1.6
Argentina	13.3	6.5	6.8	17.3	7.6	10.0	10.8	6.5	17.1	7.3	9.8	17.1	7.3	9.8
Other South America	3.5	3.9	-.7	3.9	4.8	-.7	4.4	4.9	4.2	5.1	-.9	4.2	5.1	-.9
North Africa/Middle East	17.8	19.1	-1.2	21.0	25.6	-4.8	20.0	25.7	20.9	26.1	-5.4	20.9	26.1	-5.4
Central Africa	19.0	19.1	-.1	19.7	20.0	-.5	19.0	19.5	19.4	19.9	-.4	19.4	19.9	-.4
East Africa	9.2	8.8	.3	10.1	9.9	.1	8.3	9.1	8.9	9.3	-.5	8.9	9.3	-.5
South Asia	30.9	31.0	-.1	34.2	35.2	0	30.8	32.2	33.7	33.6	0	33.7	33.6	0
Southeast Asia	2.3	.6	1.8	3.8	1.7	2.1	4.1	1.8	4.1	1.9	2.2	4.1	1.9	2.2
East Asia	6.4	7.7	-1.6	8.8	16.0	-7.7	8.2	15.5	7.9	16.6	-8.0	7.9	16.6	-8.0
Rest of World	1.8	2.0	-.2	1.7	2.1	-.2	1.9	2.1	1.9	2.1	-.2	1.9	2.1	-.3
World Total	594.3	592.4		747.0	735.4		726.1	730.1	721.4	740.7		721.4	740.7	

Table 6—Wheat: World Production, Consumption, and Net Exports

Region	1967/70-1971/72				1978/79				1979/80				1980/81			
	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion
<i>Million Metric Tons</i>																
Developed Countries	112.1	87.8	28.3	149.0	91.0	55.1	150.1	90.4	161.7	92.8	66.2	161.7	92.8	67.6	161.7	92.8
United States	40.0	21.9	17.4	48.9	23.3	32.5	58.3	21.6	64.1	22.6	37.1	64.1	22.6	39.4	64.1	22.6
Canada	13.9	4.7	11.7	21.1	5.3	13.1	17.2	5.7	17.4	5.5	15.8	17.4	5.5	12.5	17.4	5.5
EC-9	36.9	40.9	-3.5	47.6	41.0	3.9	46.3	41.5	50.0	42.6	5.0	50.0	42.6	6.2	50.0	42.6
Other Western Europe	9.9	10.7	-8	10.9	10.3	-5	9.3	10.4	11.9	10.7	-7	11.9	10.7	-7	11.9	10.7
South Africa	1.5	1.3	-1	1.7	1.9	.1	2.2	1.7	1.9	2.0	.2	1.9	2.0	.2	1.9	2.0
Japan . . . . .	.6	5.3	-4.7	.4	6.1	-5.7	.5	6.2	.6	6.2	-5.4	.6	6.2	-5.4	.6	6.2
Oceania	9.3	3.0	8.3	18.4	3.1	11.7	16.3	3.3	15.8	3.2	14.5	15.8	3.2	14.0	15.8	3.2
Centrally Planned Countries	148.8	160.5	-3.6	210.6	207.6	-14.6	178.2	217.6	194.4	218.0	-25.4	194.4	218.0	-27.5	194.4	218.0
Eastern Europe	26.3	30.9	-4.5	35.8	39.1	-3.0	27.6	32.7	34.9	37.3	-2.8	34.9	37.3	-2.8	34.9	37.3
USSR	92.8	96.0	4.8	120.8	106.5	-3.6	90.1	115.6	103.0	112.2	-11.5	103.0	112.2	-12.7	103.0	112.2
People's Republic of China	29.7	33.6	-3.9	54.0	62.0	-8.0	60.5	69.3	56.5	68.5	-8.8	56.5	68.5	-12.0	56.5	68.5
Developing Countries	63.5	85.4	-22.8	87.1	120.9	-30.6	90.0	126.6	91.0	127.4	-34.4	91.0	127.4	-34.7	91.0	127.4
Middle America	2.1	2.9	-8	2.4	4.4	-2.0	2.2	4.4	2.7	4.5	-2.1	2.7	4.5	-2.1	2.7	4.5
Venezuela	---	.7	-7	---	.8	-8	---	.9	---	---	---	---	---	---	---	---
Brazil	1.6	3.6	-1.8	2.7	6.5	-3.9	2.9	7.1	2.8	7.5	-4.3	2.8	7.5	-4.7	2.8	7.5
Argentina	5.9	4.4	1.6	8.1	4.1	4.1	8.1	4.0	8.8	4.0	4.6	8.8	4.0	4.6	8.8	4.0
Other South America	1.9	3.8	-1.8	1.3	4.3	-3.0	1.6	4.6	1.6	4.6	-3.0	1.6	4.6	-3.0	1.6	4.6
North Africa/Middle East	20.5	28.2	-7.8	28.2	41.7	-12.4	26.4	42.7	29.2	44.6	-16.0	29.2	44.6	-15.9	29.2	44.6
Central Africa . . . . .	.9	2.0	-1.1	.4	2.9	-2.6	.4	3.1	.5	3.0	-2.6	.5	3.0	-2.5	.5	3.0
East Africa . . . . .	.3	.6	-3	.3	.8	-5	.3	.8	.3	.8	-5	.3	.8	-5	.3	.8
South Asia	30.1	33.8	-4.8	43.6	49.4	-3.6	48.0	52.1	45.0	50.9	-3.2	45.0	50.9	-3.2	45.0	50.9
Southeast Asia	---	1.2	-1.2	.1	1.2	-1.1	.1	1.5	.1	1.3	-1.4	.1	1.3	-1.2	.1	1.3
East Asia . . . . .	.2	4.2	-4.1	---	4.8	-4.8	---	5.4	---	5.3	-5.4	---	5.3	-5.3	---	5.3
Rest of World . . . . .	.3	1.7	-1.3	.9	2.3	-1.6	.9	2.2	.9	2.3	-1.6	.9	2.3	-1.6	.9	2.3
World Total	324.7	335.4	---	447.6	421.8	---	419.2	436.8	448.0	440.5	---	448.0	440.5	---	448.0	440.5

Table 7— Rice, milled: U.S. exports of parboiled and brown rice by country of destination, average 1970-74, annual 1974-78, and Aug.-Apr. 1978-79 and 1979-80¹

Destination	Average 1970-74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80
<i>Metric tons</i>							
Parboiled rice:							
Canada	12,806	6,171	9,579	8,284	9,656	10,481	11,386
Belg.-Lux.	4,424	1,064	5,365	7,730	6,076	10,406	10,168
West Germany.	30,141	36,540	56,763	51,870	31,964	15,212	15,995
Netherlands	4,645	2,109	6,878	15,062	10,054	7,265	6,481
Sweden.	4,314	4,474	5,084	7,109	7,245	7,910	8,162
Switzerland	11,529	7,977	13,253	27,275	14,051	25,544	20,628
United Kingdom	12,791	6,529	7,378	8,331	4,560	12,294	9,161
Iran.	944	4,718	---	13,922	4,990	---	---
Saudi Arabia.	70,029	75,863	116,221	70,537	168,036	219,195	157,978
Liberia	22,482	11,174	18,319	13,861	25,911	27,485	40,304
Nigeria	1,939	2,814	11,667	117,713	132,122	150,813	137,195
South Africa.	66,286	45,232	75,560	88,733	61,972	90,124	97,451
Sub total.	242,330	204,665	326,067	430,427	476,637	576,729	514,909
Total parboiled	293,150	249,429	370,607	473,125	502,538	627,281	598,437
Brown rice:							
Canada	33,781	39,459	43,630	39,391	28,147	15,616	35,621
Belg.-Lux.	7,397	7,234	10,776	15,306	8,447	28,508	62,316
France	3,673	neg	1,547	3,515	4,303	3,600	1,624
Italy	neg	---	45,925	12,111	34,315	23,759	---
West Germany.	17,144	12,256	14,897	10,648	29,570	13,402	6,434
Netherlands	13,538	13,724	47,995	33,510	13,535	18,508	17,509
Portugal	neg	---	36,594	55,412	12,082	57,850	31,050
Switzerland	1,248	4,475	1,153	10,923	13,548	20,473	39,268
United Kingdom	18,323	19,881	18,715	18,760	7,658	32,210	14,709
Indonesia	11,932	---	---	25,520	69,331	---	---
Liberia	4,576	5,959	6,016	6,996	5,358	3,657	9,093
South Africa.	7,213	14,775	3,074	4,478	5,152	5,932	4,235
Korea, Rep. of	252,998	432,021	128,967	75,214	neg	39,331	249,719
Sub total.	371,823	549,784	359,289	311,784	231,446	262,846	471,578
Total brown rice	482,298	574,645	445,862	353,852	238,017	282,361	486,227
Milled rice:							
Canada	62,875	60,288	71,385	74,164	74,042	77,338	76,980
Dominican Republic	16,829	neg	24,083	14,928	11,366	8	41,981
Belg.-Lux.	14,268	11,236	17,051	25,473	19,310	42,433	86,393
Italy	neg	---	45,971	36,241	163,934	136,928	42,516
Fed. Rep. Germany.	51,429	53,414	72,431	65,853	62,083	29,064	23,919
Netherlands	21,046	21,917	57,795	50,989	25,602	26,778	39,143
Portugal	384	---	36,594	69,719	12,083	57,851	31,051
Switzerland	13,238	12,470	14,442	46,883	29,739	51,599	64,219
United Kingdom	40,050	32,243	29,982	32,391	12,412	48,057	29,932
USSR.	2,028	10,141	63,228	54,923	42,786	11,313	17,844
Korea, Rep. of.	391,600	529,798	128,967	75,214	neg	39,331	580,242
Indonesia.	191,810	42,020	---	408,862	468,807	260,421	225,056
Iran.	107,166	461,864	173,701	457,244	343,698	348,114	31,105
Iraq.	23,802	109,999	80,838	36,959	89,895	148,151	309,717
Bangladesh.	65,862	258,095	245,244	21,093	82,609	3,000	---
Cambodia	85,460	166,716	---	---	---	---	27,539
Vietnam	224,850	63,983	---	---	---	---	---
Saudi Arabia.	71,053	78,709	116,731	71,665	169,582	233,855	168,688
Syria	2,876	14,382	26,205	35,943	18,022	42,161	14,568
Zaire	1,172	817	30,432	3,303	14,980	30,425	17,391
Guinea	8,717	15,401	9,282	12,507	24,311	9,757	6,156
Ivory Coast	1,662	1,041	1,694	16,615	45,837	69,732	3,826
Liberia	32,559	23,031	24,377	51,441	41,374	40,543	62,047
Nigeria	2,065	3,026	12,446	130,554	171,661	183,583	137,877
Senegal.	8,626	18,480	11,152	22,800	77,272	1,253	15,333
Rep. of So. Africa.	78,191	63,628	81,706	96,024	71,491	103,792	105,561
Tanzania	3,019	15,094	15,820	17,886	19,596	---	11,904
Sub total.	1,522,637	2,067,793	1,391,557	1,929,674	2,092,492	1,995,487	2,170,988
Total milled rice.	1,775,270	2,230,957	1,538,110	2,104,990	2,267,448	2,430,689	2,700,646

¹ 1970-75 data on July-June basis; 1976-79 on August-July marketing year.

Source: U.S. Census.

Table 8—Rice: World Production, Consumption, and Net Exports

Region	1969/70-1971/72			1978/79			1979/80			1980/81		
	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports
<i>Million Metric Tons</i>												
Developed Countries	15.6	14.3	2.0	17.7	13.8	2.7	17.0	13.8	3.3	16.1	14.5	3.3
United States	2.9	1.3	1.7	4.6	1.8	2.4	4.5	1.9	2.8	4.5	1.8	2.8
Canada	---	.1	-.1	---	.1	-.1	---	.1	-.1	---	.1	-.1
EC-9 . . . . .	.7	.7	-.1	.7	.9	-.2	.7	.9	-.2	.7	.9	-.2
Other Western Europe . . . . .	.4	.5	0	.4	.5	-.1	.4	.5	-.1	.4	.6	-.1
South Africa	---	---	-.1	---	.1	-.1	---	.1	-.1	---	.1	-.1
Japan	11.4	11.5	.5	11.5	10.3	.4	10.9	10.2	.6	10.0	10.9	.6
Oceania . . . . .	.2	.1	.1	.5	.1	.4	.5	.1	.4	.5	.1	.4
Centrally Planned Countries	74.8	74.1	.7	94.7	94.4	.2	97.2	96.7	.5	96.2	95.9	.3
Eastern Europe . . . . .	.1	.4	-.3	.1	.4	-.3	.1	.4	-.3	.1	.4	-.3
USSR . . . . .	.8	1.1	-.3	1.4	1.8	-.4	1.6	2.0	-.4	1.6	2.0	-.4
People's Republic of China	73.9	72.6	1.3	93.2	92.2	.9	95.5	94.3	1.2	94.5	93.5	1.0
Developing Countries	117.2	119.1	-2.2	143.7	142.1	-2.1	135.0	140.7	-2.4	148.3	148.3	-2.2
Middle America . . . . .	.7	.8	.1	.9	1.1	-.1	1.0	1.1	-.2	1.0	1.2	-.3
Venezuela . . . . .	.1	.1	0	.4	.3	0	.4	.4	.1	.3	.3	0
Brazil	4.1	4.0	.1	5.2	5.7	-.7	6.6	6.0	0	6.8	6.5	.3
Argentina . . . . .	.2	.2	.1	.2	.1	.1	.2	.1	.1	.2	.1	.1
Other South America	1.4	1.3	.1	2.3	2.0	.4	2.3	2.1	.2	2.3	2.2	.1
North Africa/Middle East	2.8	2.7	.1	2.8	4.3	-1.6	2.8	4.5	-1.7	2.7	4.7	-1.8
Central Africa	1.6	2.1	-.6	2.1	3.3	-1.4	2.1	3.5	-1.4	2.1	3.7	-1.7
East Africa	1.4	1.4	0	1.4	1.6	-.2	1.6	1.8	-.2	1.7	1.8	-.2
South Asia	58.1	58.6	-.6	72.0	68.4	1.3	61.9	64.5	-.9	72.1	69.6	1.1
Southeast Asia	23.1	22.0	1.3	25.8	22.1	2.8	24.5	22.5	2.7	25.7	23.2	2.5
East Asia	23.7	25.9	-2.6	30.6	33.2	-2.7	31.6	34.2	-2.9	33.4	35.0	-2.3
Rest of World	2.2	2.4	-.2	3.4	3.3	.2	3.3	3.2	.2	3.6	3.2	.2
World Total	209.8	209.9		259.5	253.6		252.5	254.4		264.2	261.9	

Table 9— Monthly prices of selected oilseeds, meals, and oils, 1977-1979 ^{1 2}

Commodity	Year	Port	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Average
-- \$/M.T.--															
Soybeans	1977	Rotterdam	287	293	328	384	371	326	252	230	205	209	236	241	280
	1978	Rotterdam	239	239	273	290	290	278	266	262	264	271	270	278	268
	1979	Rotterdam	284	298	310	300	300	322	322	302	292	283	281	279	298
	1980	Rotterdam	268	271	264	252	260	262	303	309					
Soybean meal	1977	Rotterdam	251	248	272	316	298	253	193	174	174	179	200	200	230
	1978	Rotterdam	200	188	215	224	221	208	207	202	208	223	227	237	213
	1979	Rotterdam	235	238	241	238	240	261	246	236	238	238	251	268	244
	1980	Rotterdam	244	238	225	218	224	218	243	260					
Soybean oil	1977	Decatur	455	493	584	653	687	630	522	464	421	410	461	500	498
	1978	Decatur	460	477	587	600	631	592	569	575	607	593	547	570	567
	1979	Decatur	566	610	614	590	581	609	644	634	659	603	608	576	608
	1980	Decatur	520	512	478	440	445	475	575	571					
Copra	1977	N.W. Europe	377	396	510	526	502	433	365	318	325	333	355	388	402
	1978	N.W. Europe	380	397	435	405	417	459	452	456	525	552	574	595	470
	1979	N.W. Europe	670	691	690	728	724	725	735	690	613	601	610	595	673
	1980	N.W. Europe	587	565	520	440	400	430	455	435					
Coconut meal	1977	Hamburg	198	187	176	198	185	182	174	171	162	164	172	177	179
	1978	Hamburg	170	162	163	166	167	169	173	176	179	186	191	198	175
	1979	Hamburg	202	202	209	218	211	218	219	214	222	223	221	223	214
	1980	Hamburg	224	226	214	207	210	202	205	208					
Coconut oil	1977	Rotterdam	546	576	735	793	718	620	513	451	463	479	505	539	578
	1978	Rotterdam	541	561	650	600	596	646	644	657	778	805	835	886	683
	1979	Rotterdam	966	981	986	1,062	1,056	1,062	1,095	1,002	905	907	907	885	984
	1980	Rotterdam	885	840	760	660	618	630	648	620					
Peanuts	1977	UK	529	547	555	582	606	635	³ n.a.	540	480	468	492	544	543
	1978	UK	562	558	557	635	660	667	634	615	638	654	645	628	621
	1979	UK	636	621	605	628	597	540	580	560	535	520	472	480	565
	1980	UK	480	500	485	461	442	440	470	507					
Peanut oil	1977	Rotterdam	849	856	871	881	897	848	804	807	773	794	852	917	846
	1978	Rotterdam	956	910	1,020	1,127	1,128	1,106	1,042	1,044	1,210	1,194	1,191	1,022	1,079
	1979	Rotterdam	976	969	972	970	925	893	913	867	872	812	775	720	889
	1980	Rotterdam	744	778	720	708	733	713	860	914					
Rapeseed	1977	N.W. Europe	293	306	326	372	374	342	290	266	279	292	303	302	312
	1978	N.W. Europe	294	298	319	330	³ n.a.	321	287	258	274	286	297	299	297
	1979	N.W. Europe	284	306	317	300	304	318	324	327	326	318	311	306	313
	1980	N.W. Europe	304	304	285	270	290	306	329	319					
Fishmeal	1977	Hamburg	467	452	442	484	506	477	447	382	408	456	462	464	454
	1978	Hamburg	452	434	434	416	410	408	401	405	387	384	398	390	410
	1979	Hamburg	381	382	381	366	368	393	415	400	394	394	415	450	395
	1980	Hamburg	491	518	478	470	505	484	479	490					
Palm oil	1977	N.W. Europe	462	507	598	647	659	619	520	493	460	450	445	501	530
	1978	N.W. Europe	514	558	598	603	624	654	622	585	615	623	604	604	604
	1979	N.W. Europe	636	694	688	666	665	675	678	652	640	602	620	630	654
	1980	N.W. Europe	662	672	627	611	584	555	545	518					

¹ All prices c.i.f. European ports except soybean oil which is f.o.b. Decatur. ² Source: Oil World; various issues. ³ No quote.

Table 10—Milk: Production in specified countries.

Region and country	Average 1971/75	1976	1977	1978	1979 ¹	1980 ²
<i>1,000 Metric tons</i>						
NORTH AMERICA:						
Canada	7,822	7,685	7,743	7,532	7,555	7,925
Mexico	6,200	6,350	6,634	6,930	7,055	7,160
United States	53,065	54,554	55,655	55,160	56,074	57,840
Total	67,087	68,589	70,032	69,622	70,684	72,925
SOUTH AMERICA:						
Argentina	5,504	5,625	5,303	5,208	5,132	5,300
Brazil	7,336	9,296	9,539	10,500	10,100	10,500
Chile	982	1,022	1,003	978	954	1,030
Peru	618	640	630	635	639	634
Venezuela	1,066	1,157	1,206	1,237	1,263	1,289
Total	15,507	17,740	17,681	18,558	18,088	18,753
EUROPE:						
Belgium-Luxembourg ³	3,875	3,843	3,872	4,022	4,034	4,100
Denmark	4,762	5,045	5,138	5,324	5,225	5,115
France	30,115	30,801	31,478	32,205	33,410	34,950
Germany, Federal Rep of	21,406	22,165	22,523	23,291	23,907	24,600
Ireland	3,471	3,959	4,262	4,804	4,900	4,900
Italy	10,037	10,233	10,515	10,823	11,495	11,480
Netherlands	9,367	10,490	10,612	11,367	11,587	11,750
United Kingdom	13,886	14,394	15,179	15,877	15,895	16,350
Total EC	96,919	100,930	103,579	107,713	110,453	113,245
Austria	3,289	3,277	3,333	3,357	3,340	3,364
Finland	3,200	3,278	3,231	3,225	3,242	3,197
Greece	1,547	1,704	1,733	1,696	1,695	1,722
Norway	1,815	1,898	1,860	1,837	1,873	1,910
Portugal	608	707	674	685	698	720
Spain	5,222	5,726	5,877	6,052	6,158	6,275
Sweden	3,015	3,247	3,249	3,298	3,390	3,477
Switzerland	3,289	3,473	3,511	3,542	3,666	3,674
Total Western Europe	118,904	124,240	127,047	131,405	134,515	137,584
Czechoslovakia	5,288	5,400	5,529	5,472	5,668	5,722
Germany, Democratic Rep	7,807	8,118	8,059	8,346	8,220	8,370
Hungary	1,914	2,093	2,142	2,336	2,461	2,526
Poland	16,385	16,893	17,313	17,492	17,362	17,244
Yugoslavia	3,311	3,994	4,204	4,148	4,192	4,328
Total Eastern Europe	34,705	36,498	37,247	37,794	37,903	38,190
Total Europe	153,609	160,738	164,294	169,199	172,418	175,774
Soviet Union	87,453	89,675	94,929	94,948	93,300	91,500
AFRICA:						
South Africa	2,721	2,475	2,503	2,218	2,320	2,365
ASIA:						
China, Peoples Rep	5,183	6,385	6,690	6,958	7,150	7,400
India	23,200	24,300	24,400	25,000	25,700	25,200
Japan	4,899	5,262	5,735	6,125	6,465	6,500
Total	33,282	35,947	36,825	38,083	39,315	39,100
OCEANIA:						
Australia ⁴	7,123	6,421	5,933	5,642	5,817	5,544
New Zealand ⁵	5,969	6,359	6,635	6,069	6,361	6,790
Total	13,092	12,780	12,568	11,711	12,178	12,334
Grand Total	372,751	387,944	398,832	404,339	408,303	412,751

NOTE: Totals may not add due to rounding.

¹ Preliminary. ² Forecast. ³ Excludes small amount of fluid milk production which is exported. ⁴ Year ending June 30. ⁵ Year ending May 31.

SOURCE: FAS, Prepared or estimated on the basis of official statistics of foreign government, other foreign source materials, reports of U.S. Agricultural attaches and foreign service officers, results of office research and related information.

Table 11— World cotton production, trade and mill consumption,¹

Country	Production				Exports			
	1977/78	1978/79	1979/80 ²	1980/81 ³	1977/78	1978/79	1979/80 ²	1980/81 ³
<i>Million 480-lb. bales</i>								
United States	14.4	10.9	14.6	11.7	5.5	6.2	9.2	6.3
USSR	12.7	12.3	13.1	13.3	4.2	3.7	3.7	4.2
China, People's Republic . .	9.4	10.0	10.1	10.3	0.1	0.1	---	---
India	5.7	6.3	6.1	6.3	---	0.2	0.4	0.5
Pakistan	2.5	2.1	3.4	3.3	0.5	0.3	1.2	1.4
Brazil	2.2	2.7	2.6	2.8	0.2	0.2	---	0.2
Egypt	1.8	2.0	2.2	2.1	0.6	0.7	0.7	0.7
Turkey	2.6	2.2	2.2	2.1	1.2	1.0	0.7	1.0
Mexico	1.6	1.5	1.5	1.5	0.6	0.9	0.9	0.7
Central America	1.7	1.6	1.1	1.2	1.5	1.5	1.0	1.1
Sudan	0.9	0.6	0.6	.6	0.6	0.8	0.7	0.6
EC9	---	---	---	---	0.2	0.2	0.1	0.1
Eastern Europe	0.1	0.1	0.1	0.1	---	---	---	---
Japan	---	---	---	---	---	---	---	---
Hong Kong	---	---	---	---	0.1	0.1	---	---
Taiwan	---	---	---	---	---	---	---	---
Korea, Republic of	---	---	---	---	---	---	---	---
Other	8.5	7.7	7.9	8.1	3.9	3.9	4.1	3.9
World total	64.1	60.0	65.5	63.4	19.2	19.8	22.7	20.7
	Imports				Consumption			
	1977/78	1978/79	1979/80 ²	1980/81 ³	1977/78	1978/79	1979/80 ²	1980/81 ³
United States	---	---	---	---	6.5	6.4	6.5	5.9
USSR	0.4	0.3	0.3	0.3	9.0	9.0	9.1	9.1
China, People's Republic . .	1.6	2.2	3.7	3.4	12.1	12.6	13.5	13.8
India	0.3	---	---	---	5.5	5.7	6.0	6.0
Pakistan	---	---	---	---	1.9	1.9	1.9	2.0
Brazil	---	---	---	---	2.2	2.4	2.5	2.6
Egypt	0.1	0.1	---	---	1.3	1.3	1.4	1.4
Turkey	---	---	---	---	1.2	1.4	1.2	1.3
Mexico	---	---	---	---	0.7	0.8	0.8	0.8
Central America	---	---	---	---	0.2	0.1	0.1	0.1
Sudan	---	---	---	---	0.1	0.1	0.1	0.1
EC9	3.6	3.4	3.5	3.3	3.2	3.2	3.4	3.2
Eastern Europe	3.5	3.3	3.3	3.3	3.3	3.4	3.4	3.4
Japan	3.2	3.4	3.3	3.2	3.1	3.3	3.3	3.2
Hong Kong	1.0	0.8	1.0	0.9	1.0	0.9	1.0	0.9
Taiwan	1.1	0.9	1.0	0.1	1.0	1.0	1.0	0.8
Korea, Republic of	1.3	1.3	1.4	1.4	1.2	1.2	1.5	1.4
Other	3.8	4.1	4.6	4.1	7.5	8.3	8.4	8.3
World total	19.9	19.8	22.1	20.7	61.0	63.0	65.1	64.3

¹ Year beginning August 1. ² Estimated. ³ Forecast. Source: Foreign Agricultural Service.

Table 12— World leaf tobacco production in selected countries¹

Country	1977	1978	1979 ²	1980 ³
- - metric tons - -				
China	987,000	1,000,000	970,000	990,000
United States	869,115	919,784	703,290	866,000
India	418,800	493,600	451,200	400,000
Brazil	310,000	330,000	397,000	344,000
Soviet Union	307,000	280,000	264,000	305,000
Turkey	247,952	288,186	239,000	250,000
Japan	173,249	171,965	153,262	158,760
Bulgaria	136,200	136,000	157,300	155,000
Korea, Rep. of	144,532	134,316	111,600	135,000
Greece	118,935	130,166	125,338	120,100
Zimbabwe	86,250	84,850	112,050	115,000
Canada	104,275	115,617	78,304	113,140
Italy	109,672	109,658	111,000	110,000
Poland	87,450	58,948	69,690	105,030
Indonesia	83,701	78,386	84,824	88,755
Philippines	84,300	79,245	84,821	86,000
Thailand	76,752	83,350	82,000	85,000
Mexico	64,300	67,000	76,000	78,000
Burma	75,000	75,000	75,500	76,000
Pakistan	72,580	76,263	68,130	72,803
Yugoslavia	69,000	63,159	65,020	68,000
Argentina	82,530	62,125	68,558	64,400
Malawi	51,604	51,142	64,185	60,381
Colombia	58,287	47,490	59,300	60,000
Dominican Republic	38,700	56,900	48,285	54,035
Romania	47,000	41,000	45,000	45,000
Spain	21,556	29,775	38,084	45,000
France	43,586	50,466	50,640	43,861
South Africa	41,736	45,279	48,028	43,043
Bangladesh	63,532	49,873	43,744	40,450
Korea, Dem Rep. of	23,000	25,000	28,000	25,000
Hungary	24,200	22,000	18,000	22,000
Taiwan	24,695	22,129	21,476	20,399
Cuba	45,000	46,000	30,000	5,000
Other	327,842	330,321	338,363	379,843
TOTAL	5,519,331	5,654,993	5,380,992	5,630,000

¹ Production on farm-sales-weight basis, which is about 10 percent above dry weight normally reported in trade statistics.² Preliminary. ³ Estimated.

Source: Foreign Agricultural Service.

Table 13— U.S. exports of unmanufactured tobacco by major destination.

Country of Destination	Average 1969-71	1974	1975	1976	1977	1978	1979 ¹
<i>1,000 Metric tons²</i>							
Japan	18	50	37	60	61	46	43
European Community	(143)	(134)	(125)	(107)	(107)	(153)	(109)
United Kingdom	48	43	36	33	21	68	31
West Germany	45	44	41	33	36	24	31
Italy	10	11	14	15	18	19	16
Netherlands	16	14	14	11	14	16	13
Denmark	8	6	8	4	8	12	7
Ireland	5	5	4	4	2	2	3
Belgium-Luxembourg	7	7	4	3	5	8	3
France	4	4	4	4	3	4	5
Switzerland	10	10	12	11	13	12	9
Egypt	1	6	5	5	12	11	2
Sweden	7	7	7	6	5	8	6
Thailand	10	9	9	10	7	8	9
Philippines	3	5	5	6	7	6	5
Australia	6	9	7	5	6	6	6
Taiwan	4	11	7	6	9	12	19
Malaysia	4	5	3	3	6	5	4
New Zealand	2	2	2	2	2	2	2
Sub-total	208	248	219	221	235	269	214
Other countries	31	47	36	41	50	49	43
World total	239	295	255	262	285	318	257

Note: Individual items may not precisely add to totals because of rounding. ¹ Preliminary. ² Declared weight.

Source: Foreign Agricultural Service.

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